S. HRG. 101-274

AVIATION CAREER IMPROVEMENT ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON MANPOWER AND PERSONNEL

OF THE

COMMITTEE ON ARMED SERVICES UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

S. 653

TO AMEND TITLE 37, UNITED STATES CODE, TO REVISE AND IMPROVE THE AVIATOR CAREER INCENTIVE PAY PROGRAM, TO EXTEND FOR 3 YEARS THE AVIATOR RETENTION BONUS PROGRAM, AND FOR OTHER PURPOSES

APRIL 12, 1989

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THE AVIATION CAREER IMPROVEMENT ACT

WEDNESDAY, APRIL 12, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Warner, and McCain.

Professional staff members present: Frederick F.Y. Pang and Patricia L. Watson.

Minority staff members present: George K. Johnson, Jr. and Durwood W. Ringo, Jr.

Staff assistant present: Debra A. Rice.

Committee members' assistants present: Phillip P. Upschulte and Milton D. Beach, assistants to Senator Glenn; Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; and Anthony H. Cordesman, assistant to Senator McCain.

[The bill S. 653 follows:]

II

101ST CONGRESS
1ST SESSION

S. 653

To amend title 37, United States Code, to revise and improve the aviator career incentive pay program, to extend for three years the aviator retention bonus program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 17 (legislative day, JANUARY 3), 1989

Mr. GLENN (for himself, Mr. MCCAIN, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Armed Services

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A BILL

To amend title 37, United States Code, to revise and improve the aviator career incentive pay program, to extend for three years the aviator retention bonus program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

This Act may be cited as the "Aviation Career Improvement Act of 1989".

SEC. 2. AVIATION CAREER INCENTIVE PAY

(a) ENTITLEMENT REQUIREMENTS.—Section 301a(4) of title 37, United States Code, is amended by striking out

the first two sentences and inserting in lieu thereof the following: "To be entitled to continuous monthly incentive pay, an officer must perform the prescribed operational flying duties (including flight training but excluding proficiency flying) for 9 of the first 12, and 12 of the first 18, years of his aviation service. However, if an officer performs the prescribed operational flying duties (including flight training but excluding proficiency flying) for at least 10 but less than 12 of the first 18 years of his aviation service, he will be entitled to continuous monthly incentive pay for the first 22 years of his officer service.".

(b) MONTHLY RATES.—(1) The table in section 301a(b)(1) of such title is amended to read as follows:

"Phase I

"Years of aviation service (including flight training) as an officer:	Monthly rate:
2 or less	$125
Over 2	156
Over 3	188
Over 4	206
Over 6	650

"Phase II

"Years of service as an officer as computed under section 205:	Monthly rate:
Over 18	$585
Over 20	495
Over 22	385
Over 25	250".

(2) The table in section 301a(b)(2) of such title is amended to read as follows:

"Years of aviation service as an officer:	Monthly rate:
2 or less	$125
Over 2	156

Over 3	188
Over 4	206
Over 6	650".

(c) INCREASES IN INCENTIVE PAY LINKED TO INCREASES IN BASIC PAY.—Section 301a of such title is further amended by striking out subsection (e) and inserting in iieu thereof the following:

"(e)(1) Whenever the rates of basic pay of members of the uniformed services is adjusted upward pursuant to section 1009 of this title, the President shall immediately make an upward adjustment of the rates of monthly incentive pay provided for in subsection (b).

"(2) An adjustment under this subsection shall have the force and effect of law and shall (A) carry the same effective date as that applying to the compensation adjustments in basic pay of members of the uniformed services, and (B) provide the same percentage as the overall average percentage increase referred to in section 1009(b)(3) of this title.".

(d) EFFECTIVE DATE.—(1) Except as provided in paragraph (2), the amendments made by this section shall become effective October 1, 1989.

(2) The Secretary of a military department may delay implementation of such amendments, with respect to the department of that Secretary, subject to the approval of the Secretary of Defense, until such time as the Secretary of that department determines that implementation of such amendments is necessary to meet the needs of that department. If

the Secretary of a military department delays the implementation of such amendments with respect to his military department, the provisions of section 301a of title 37, United States Code, as in effect on September 30, 1989, shall continue to apply, in the case of such department, to the payment of aviation career incentive pay under such section (A) until such date as the Secretary may prescribe, and (B) in the same manner as if the amendments made by this section had not been made.

SEC. 3. AVIATOR RETENTION BONUSES

(a) EXTENSION OF PROGRAM.—Section 611(a) of the National Defense Authorization Act, Fiscal Year 1989 (37 U.S.C. 301b note), is amended by striking out "September 30, 1989" and insert in lieu thereof "September 30, 1992".

(b) REPORTING REQUIREMENTS.—(1) Subsection (h) of section 611 of such Act is amended to read as follows:

"(h) REPORTS.—(1) Not later than November 1 each year, the Secretary of each military department, the Secretary of Transportation with respect to the Coast Guard, the Secretary of Commerce with respect to the National Oceanic and Atmospheric Administration, and the Secretary of Health and Human Services with respect to members of the Public Health Service, shall submit to the Secretary of Defense a report analyzing the effect that the aviator retention bonus program provided for under this section has had during

the preceding fiscal year on the retention of qualified aviators in the Secretary's department, including a description of the marginal cost of paying bonuses under this section to officers who enter into an agreement referred to in clause (A) of subsection (a)(2) and a description of the marginal cost of paying bonuses under this section to officers who enter into an agreement referred to in clause (B) of such subsection.

"(2) Not later than December 1 each year, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives copies of the reports submitted to him pursuant to paragraph (1) together with such comments and recommendations as the Secretary considers appropriate.".

(2) The first reports required under section 611(a)(h) of the National Defense Authorization Act, Fiscal Year 1989, as amended by paragraph (1), shall be submitted to the Committees on Armed Services of the Senate and the House of Representatives not later than December 1, 1989.

(c) LIMITATION ON OBLIGATIONS.—Section 611 of such Act is further amended by striking out subsections (i) and (j) and inserting in lieu thereof the following:

"(i) The total amount of payments that may be made to Navy officers and Air Force officers under this section during fiscal year 1990 may not exceed—

"(1) $30,000,000, in the case of the Navy; or

"(2) $78,000,000, in the case of the Air Force.".

SEC. 4. REDUCTION IN NONOPERATIONAL FLYING DUTY POSITIONS

(a) IN GENERAL.—The Secretary of Defense shall take such action as may be necessary to reduce, by not later than September 30, 1992, the number of nonoperational flying duty positions in the Army, Navy, Air Force, and Marine Corps by a number equal to not less than 5 percent below the total number of such positions in existence on September 30, 1989. The Secretary shall effectuate a reduction of not less than 2 percent by September 30, 1991. Subject to paragraph (2), the Secretary shall effectuate the remainder of the required reduction not later than September 30, 1992.

(b) LIMITATION ON INCREASES IN NONOPERATIONAL FLYING DUTY POSITIONS AFTER FISCAL YEAR 1991.—(1) No increase in the number of nonoperational flying duty positions referred to in subsection (a) may be made after September 30, 1991, unless the increase is specifically authorized by law.

(2) As used in this section, the term "nonoperational flying duty positions" means positions in a military department identified by the Secretary of that department as positions that require the assignment of an aviator but that do not include operational flying duty (as defined in section 301a(6) of title 37, United States Code).

SEC. 5. MINIMUM SERVICE REQUIREMENT FOR AVIATORS

(a) IN GENERAL.—Chapter 37 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 653. Minimum service requirement for certain flight crew positions

"(a) PILOTS.—The minimum active duty obligation of any member who successfully completes training in the armed forces as a pilot shall be 9 years, if the member is trained to fly fixed wing jet aircraft, and 7 years, if the member is trained to fly any other type of aircraft.

"(b) NAVIGATORS AND NAVAL FLIGHT OFFICERS.—The minimum active duty obligation of any member who successfully completes training in the armed forces as a navigator or naval flight officer shall be 7 years.

"(c) DEFINITION.—In this section, the term 'active duty obligation' means the period of active duty required to be served after completion of undergraduate pilot training in the case of training as a pilot, completion of undergraduate navigator training in the case of training as a navigator, or completion of undergraduate training as a naval flight officer in the case of training as a naval flight officer.".

(b) TECHNICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"653. Minimum service requirement for certain flight crew positions.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to persons who begin undergraduate pilot training, undergraduate navigator training, or undergraduate naval flight officer training, as the case may be, after September 30, 1990.

SEC. 6. AVIATOR INSURANCE

Not later than December 1, 1989, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a legislative proposal for an accidental death insurance plan for aviators serving on active duty that provides, at no cost to the insured, for the payment of death benefits in the amount of $100,000 for death resulting directly from the performance of operational flying duty (as defined in section 301a(a)(6) of title 37, United States Code).

SEC. 7. REPORT ON AVIATOR ASSIGNMENT POLICIES AND PRACTICES

The Director of the Congressional Budget Office shall conduct a comprehensive study of the aviator assignment policies and practices of the Armed Forces. The Director shall submit the results of such study to the Committees on Armed Services of the Senate and the House of Representatives not later than February 15, 1990. The Director shall include in such report an analysis of the effectiveness and efficiency of the aviator assignment policies and practices of

the Armed Forces, including an analysis of the policies and practices followed in accommodating the assignment preferences of aviators within operational needs of the Armed Forces.

SEC. 8. SENSE OF CONGRESS REGARDING ESTABLISHMENT OF COMMISSION TO CONDUCT A STUDY ON THE NATIONAL SHORTAGE OF AVIATORS

(a) IN GENERAL.—In view of the critical shortage of qualified aviators in both the Armed Forces and in the commercial airline industry of the United States, it is the sense of Congress that—

(1) the President should establish a commission to study the reasons for such shortages and to consider effective and practicable means of eliminating the shortages;

(2) the President should include among persons appointed to the commission representatives from the commercial airline industry, representatives from the Department of Defense, and representatives from such other sources as the President considers appropriate;

(3) the President should appoint all members of the commission not later than February 15, 1990; and

(4) the commission should be required to submit a report on the results of its study to the President and Congress not later than March 1, 1991, together with

specific recommendations for eliminating the shortage of aviators in the United States.

OPENING STATEMENT OF SENATOR JOHN GLENN

Senator GLENN. The committee will be in order.

The Subcommittee on Manpower and Personnel meets today to consider the issue of aviator retention in the Department of Defense.

Before we proceed, I want to congratulate Senator McCain and welcome him, our new ranking minority member on this subcommittee. Senator McCain has served as a valuable member of the subcommittee since I have been chairman. I look forward to working with him in his new capacity as ranking minority member. He has a wealth of background and experience, particularly for the issue that we are talking about today, having spent a career in the Navy, of course, before arriving in the Senate and having had a lot of experience in Vietnam, including some of the North Vietnamese hospitality for too many years. So, he is a real combat veteran who we look forward to working with on this subcommittee.

He succeeds Senator Wilson who has moved on to another subcommittee as ranking minority member, but he will still be a member of this subcommittee. And we welcome his experience that he gained chairing this subcommittee, as well as having been a member of the military at one time himself in the Marine Corps.

I want to also recognize the addition of two new members to the subcommittee. On the majority side, we have Senator Robert Byrd, our former majority leader in the Senate, and on the minority side, we have Senator Trent Lott, and I welcome these distinguished Senators and look forward to working with them also.

Military manpower means one thing. It means combat readiness of our men and women in uniform and the support they receive in terms of pay and benefits for their service. It is a truly bipartisan matter, as far as I'm concerned. It has always been approached that way on this subcommittee. It has worked well, and I know all members will work to continue that approach.

Before we hear from our witnesses, I want to lay out the issue of aviator retention from my perspective. This will take a little bit of time, but I believe it is important to frame the issue in a way that the subcommittee can deal with it in a responsive and responsible way.

First, how we got to the situation that we are in right now. The airline industry has undergone a very marked structural change over the last decade. The Airline Deregulation Act of 1978 resulted in a proliferation of new carriers and routes, and I hardly make a trip these days going through an airport anywhere that I don't see a new airline I hadn't even heard of or has sprung up as a feeder or a combination or a merger of previous airline interests with a new name of some kind or other.

In this expansion and proliferation has been an increased demand for pilots in the airlines and commercial aviation that has resulted in an exodus of pilots from the Navy and the Air Force. The Navy felt that pain first, and that is not surprising since the Navy has some of the most onerous flying duty time away from home, 6 months at a crack, a long time at sea. That isn't very pleasant sitting over there boring holes in the water in the Persian Gulf or in the North Indian Ocean for 6 months at a crack think-

ing about the family back home. And so, the Navy, with those extended duty arrangements and so on, felt some of this pressure first.

And when the commitment time that they had was up for pilots, it was not surprising that the airlines were able to entice a lot of those people out and into the commercial aviation business. That resulted in the authorization for an aviator retention bonus for the Navy trying to keep the pilots in and an increase in aviation career incentive pay in 1980.

The same situation is recurring now except the projection of demand is more prolonged. The airlines project a requirement for 7,000 new hires a year, each and every year for the next 10 years.

The problem is real. Most people don't realize this, but right now the Navy is over 1,500 pilots short right now today—1,500 pilots. The Air Force I believe estimates only about 250 short right now, but are projected to be around 2,500 pilots short by 1994. Now, that really affects our combat capability. So, it is a very real problem.

The airlines have traditionally hired military pilots for the reason the military gives good training, experience, a lot of flight time. If they can pick those pilots up, it saves all the training that airlines otherwise might have to pay for themselves.

The target group, obviously, are those experienced fixed wing jet pilots who are coming out of the cockpit after their initial obligation periods, anywhere from 7 to 14 years of service. They are seasoned aviators. They are the experienced people. They are the people that in a surge capability, a mobilization capability, you would depend upon to do the training, the managing, to head up the squadrons, to be squadron commanders and executive officers and to lead other people into combat. And we are losing them. They are getting out.

They represent also an enormous investment. A pilot completing just undergrad flight training, just getting his or her wings, just where he can get that thing up down safely and he is then ready to be trained as a real honest-to-goodness combat pilot. But just to get up to that point, we have an investment of about one-half million dollars, $500,000. That is for a raw aviator to get the wings at the end of about 18 months.

Now, at the end of the initial weapons systems training, to qualify on systems like the F-14, the F-16, the F-15, B-52, C-141, et cetera, we are talking about an investment of $1½ million to $2 million. That is at the end of about 2 years into this career.

Then you come up to the expensive stuff. At the end of the initial obligation, which is around 7 or 8 years, depending on the service, we are talking about a newly seasoned pilot representing an investment of anywhere between $4 million and $6 million per person, depending on the weapons systems. Some weapons systems require a little longer training than others. Four to six million dollars of taxpayer money we have invested in this individual. By that time you get him up to where you say, yes, I now have on my roster a pilot fully capable of going to war, combat, and giving a good account of himself.

So, if you look at this, if we lose just 10 pilots at the end of that initial service obligation, we're talking about a lost investment of between $40 million and $60 million. And that doesn't even men-

tion the loss of combat capability that we have, that these aviators represent, that is so essential if we're going into combat.

So, that brings us to where we are today. That sort of sets the stage for what we are trying to consider today. So, it is no small item that we are talking about. Fifteen hundred short right now in the Navy; Air Force, 250 and going up rapidly, by 1994, 2,500 short. And I don't know what the Navy will be up to by that time. So, we will be thousands of pilots short by that time, and that cuts our combat capability. It also cuts out a tremendous investment.

Last year, the Department of Defense submitted a legislative proposal as part of the fiscal year 1989 defense authorization request to authorize an expanded and enhanced aviator retention bonus. This authority was requested to treat current and projected aviator shortages in the Navy and projected aviator shortages in the Air Force caused by poor aviator retention.

Now, at the time the proposal was submitted, the Navy already had authority to pay an aviator retention bonus, and that had worked pretty well in the Navy for a while. However, the Air Force and the other services had no similar authority. And what we have seen is sort of a moving crap game. As the Navy was successful in preventing people from leaving to go into airline or commercial aviation, the targets then came over in the Air Force. And I am sure one of these days, even though they prefer jet pilots, we are going to see the problem also going to the Army because at least the pilots there who are flying prop planes at least have experience of several hundred hours that is more attractive than no training at all if the airlines are trying to pick somebody up and make an airline pilot out of them. So, it is sort of a moving target group. And that is the reason that we thought we had to address this whole issue service-wide.

The Navy's aviator retention bonus, first authorized in 1980 in reaction to poor aviator retention in the Navy, targeted naval aviators in critical aviation specialties for bonuses of $4,000 per year for annual commitments of 3 years or less and $6,000 per year for annual commitments of 4 years or more. Now, that is the bonus program.

The expanded aviator retention bonus proposed by the Department of Defense last year was designed to replace the Navy's aviator retention bonus. It was constructed to: (1) provide aviator retention bonus authority to all services so we didn't just have a moving target group; (2) provide greater flexibility to the service Secretaries to determine how to target the bonus; and (3) allow the service Secretaries the authority to set rates of the bonus not to exceed $12,000 for each year of extension up to 8 years, a maximum bonus of $96,000 for an 8-year contract.

Now, the subcommittee spent considerable time and effort on this proposal. It was obvious from testimony the subcommittee received at the hearing March 24 last year that the proposal advanced by the Department of Defense did not address the issue of aviator retention comprehensively.

Furthermore, as of the date of the hearing, the subcommittee had not even received the Department's proposal. When asked about this, the then Assistant Secretary of Defense for Force Management and Personnel, Grant Green, indicated the proposal had

just cleared OMB the day before and should be over shortly. As it turned out, the proposal was received later that day.

The major concern of the committee, and I would like to cite from the committee's report, was that the proposal was put together by the Air Force and the Navy and essentially rubber-stamped through the Office of the Secretary of Defense without the kind of thorough and comprehensive analysis such a proposal deserved. We didn't have any real substantive analysis to back it up.

For example, although the letter transmitting the proposal to Congress acknowledged that ACIP, the Aviator Career Incentive Pay, was the basic incentive pay for aviators—it's based on years of service and flying time—there was no effort made to link ACIP to the bonus in any economically efficient way. Since the current ACIP structure was established in 1974, and since it was obvious that it was not working very well, the committee believed it should be reviewed and restructured if necessary.

The other concern the committee had was with the broad latitude that the proposal gave the Department of Defense in determining how payments were to be made. Testimony the committee received indicated that the Navy planned to essentially continue to target the bonus to critical aviation specialties, while the Air Force planned to essentially pay all pilots in the 7 to 14 years of service zone regardless of specialty. The committee believed that the way the bonus was to be paid needed further evaluation.

Despite these concerns the committee recognized that the Navy had current shortages in pilots and that the Air Force projected even greater shortages. Also, the committee recognized there had been considerable publicity on this issue which may have built up expectations among military aviators.

Therefore, we recommended that temporary authority be given to the Department of Defense—temporary authority—to implement the program for 1 year only in fiscal year 1989. Further, the committee recommended that the amount available to the Air Force for this program be limited to $30 million and that the Secretary of Defense be required—and this was an important thing—to submit a legislative proposal to the Congress by December 1, 1988, last year, that addressed aviator compensation on a comprehensive basis, not a piecemeal, spot approach. The committee directed the Office of the Secretary of Defense to take aggressive leadership in this effort and in overseeing the implementation of the 1-year authority that was recommended to ensure the bonus was applied efficiently.

The committee's action as subsequently modified in conference with the House to increase the dollar amount available to the Air Force for the bonus to $36.2 million, requires more specific targeting of the bonus, and reduce the window in which bonus contracts could be written to between January 1, 1989 and September 30, 1989. This latter modification was included to put a little pressure, to lever the Department of Defense to provide the mandated December 1, 1988 study.

The Department of Defense submitted the mandated study. It has also implemented the temporary authority granted last year to pay the expanded aviator retention bonus. We will hear from our witnesses later on how that authority is working.

Regarding the study, let me say that I think the Department of Defense did a superb job on that, an excellent job. Some of you worked on that I know. You were part of that effort. It was a good job putting that together. There is a wealth of data and background material in there. It is one of the best analyses that I have seen coming over on a specific problem like that, an excellent statistical report.

But it was deficient in only one major respect and that is it did not go far enough with the recommendations. It did a great job of building up what the situation was. It gave a lot of background statistics on that to base some recommendations on, but didn't go ahead and make the recommendations that should logically follow from the excellent statistical analysis.

So, therefore, on the basis of the December 1 study, inputs that we have received from military aviators and on an analysis supplied by the CBO, Congressional Budget Office, and GAO, General Accounting Office, we have introduced a bill, S. 653, the Aviator Career Improvement Act of 1989. The bill, cosponsored by Senator McCain, Senator Warner and Senator Daschle, would improve the management and compensation of aviators on a comprehensive and systematic basis. These improvements are directed at increasing the retention of aviators to levels consistent with the desired retention rates of aviators in the military services.

The improvements also recognized the unique nature of military aviation and the valuable national resource that military aviators represent. It's a resource that has become more and more disgruntled by a perception of lack of real leadership concern for the value of their skills, their flying proficiency, their job satisfaction, their compensation and benefits envelope and their assignment preferences.

The bill we have introduced addresses these concerns and provides tools and remedies to the Department of Defense.

At this point, I would like to briefly summarize the seven key provisions of the bill. These provisions are outlined in a point paper that we have passed out that the committee members all have available to them here.

Under the ACIP, the Aviation Career Incentive Pay, the bill would restructure and enhance aviation career incentive pay, the basic long-term compensation incentive for aviators.

The bill would increase the rate of aviation career incentive pay in the retention-sensitive years, especially for aviation service over 6 years, from $400 a month to $650 a month. This increase would restore the value of this incentive to its worth relative to basic military compensation when it was first authorized in 1974.

The bill would also smooth out the rates for aviators who have over 18 years of aviation service who take a monthly pay cut because of the sharply declining aviation career incentive pay scale for aviators who have over 18 years of aviation service. The adjustments would preserve the declining scale, but do it at a slope that would remove the negative feature of pay inversions that occur.

Concurrently with these rate adjustments, the bill would require aviators to perform more operational flying duty in order to be entitled to continuous monthly aviation career incentive pay. Under the current entitlement structure, aviators are required to perform

6 of the first 12 years of aviation service and 11 of the first 18 years of aviation service in operational flying duties in order to be entitled to continuous monthly ACIP.

The bill would increase the operational flying duty requirements to 9 of the first 12 years of aviation service and 12 of the first 18 years of aviation service, respectively. Now, this change is consistent with aviation career plans described in the Department of Defense aviator retention study, and the desire expressed by the overwhelming majority of aviators for a greater percentage of time in operational flying duties during an aviation career. And that is a view that I support. And that's the way we keep our combat capability up.

The bill would also index aviation career incentive pay to military pay raises so it would retain its relative worth, something that I believe is fair, and provide authority to the service Secretaries to decide when it would be appropriate to implement the aviation career incentive pay changes within their respective services subject to the approval of the Secretary of Defense. That gives a little measure of flexibility I believe is necessary, given the unique nature of aviation service and retention among the services.

Now, aviator retention bonus. The bill would extend the existing temporary authority for the services to pay a retention bonus to aviators in critical aviation skills for 3 years through fiscal year 1992.

The early data on the existing bonus program, which was implemented on January 1 this year, indicates a take rate, and acceptance rate by pilots, which should begin to reverse the negative retention trend. And I believe the services will continue to need this temporary authority and can use it in an economically efficient and flexible way to restore retention to the desired levels.

In order to determine the continued need of this temporary authority beyond the expiration date, the bill would require the Secretary of Defense to report to the Committee on Armed Services on the actual and expected effect of the bonus on aviator retention. I would expect that the other improvements in the bill operating in synergy with the bonus would improve manning in aviation skills over the next few years to a point where the bonus can be phased out, or phased down at least, if not phased out totally.

Now, reduction in non-operational flying positions. The bill would require the Secretary of Defense to reduce non-operational flying positions in the Department of Defense.

Right now there are 27,181 non-operational flying positions reported in the Department of Defense study on aviator retention. That amounts to 40 percent of all aviator positions in the Department of Defense—40 percent on non-flying duty. The Department of Defense has failed to adequately justify the need for so many non-operational flying positions.

Therefore, the bill would reduce the number of non-operational flying positions in the Department of Defense by 5 percent, though we would give a year's grace, a year period where there would be no reductions in fiscal year 1990, but there would be a 2-percent reduction in fiscal year 1991, a 3-percent reduction in fiscal year 1992. But in this regard, the reductions would take effect unless

the Secretary of Defense can provide analytically compelling justification to support repeal or amendment of this reduction.

I don't want to be unreasonable, but I do want to see some progress in this area. So, we gave a year's grace to work this out. If the 2 or 3 percent needs adjustment—we may find it needs adjustment up instead of down. That, I don't know. We have 40 percent of our pilots assigned to non-flying jobs. I know a lot of non-flying jobs require a pilot's background to make some of the judgments being made. We don't want to eliminate that at all.

But when we have—just for instance, force program manpower analyst, information staff officers, ROTC instructors, personal property systems managers, recruiting company commanders, personnel staff officers, speech writers, and a whole host of others that the Army has. And the Navy, manpower and personnel management officers, school administrators, budget officers, family service officers, administrative officers, legal administrative assistants. In the Air Force, executive support officers, personnel programs officers, public affairs officers, budget analyst officers, supply officers, security policy officers, computer systems officers. I want to see some justification for some of those positions, or let's eliminate them. Do we need someone that we spent $6 million on to get him up to combat status put in those positions? Can't we do better than that? Those are a few examples of the things I think we should look at.

I believe the reduction I proposed is necessary to bring more discipline to the classification of non-operational flying positions. I have been accused of trying to micromanage on this one. We already heard that from over at the Pentagon. What are you trying to do? Micromanage us over here? You bet we're trying to micromanage when I see things like that going on if that is what it takes to get attention.

And I think it has not been adequately managed thus far which is the reason why we are taking this action. If people can justify these positions as being pilot positions, fine. I'm going to be the first who is going to agree with you. But I think we haven't really massaged those lists enough yet and really squeezed them enough to know that we are not spending $5 million or $6 million on people, then putting them over in jobs like this that other people without that kind of training could just as well do. It is difficult for me to understand why positions such as some of the ones that I just mentioned are positions that require an aviator to perform.

New subject, minimum active duty service obligation for aviators. This is a rather key element.

The bill would establish minimum active duty service obligations for aviators of 9 years for fixed wing jet pilots and 7 years for all other aviators. The obligations would begin upon completion of undergraduate aviation training. The clock would start running on the day they receive their wings.

Right now the Marine Corps requires four and a half; the Navy, six; Air Force, seven with the Air Force I belive going to eight. Is that correct? That's correct, okay. So, this would up everybody in fixed wing jet pilots to nine and seven for all others.

This would standardize the active duty service commitment policies that exist among the services. One of the reasons I wanted to

do this is because we have targets for the airlines that are shifting targets anyway. So, we might just as well make the requirement. And I believe we can still get as many people. If we can't, maybe we have to adjust that in the future.

Quite frankly, staff beat me down on this one. I wanted to make it 10. I wanted to make it higher than it is. I might even have gone higher than that. When we are spending $6 million on people and then having a minimum or a lesser time requirement before they can get out, I just think we are going in the wrong direction. I think we can still get good, highly qualified people who will sign up for this length of time.

I know some of you have concerns about that, but I believe that the longer term for fixed wing jet pilots recognizes the higher expenses involved in their training. I believe that these commitments would ensure the taxpayer gets a fair return on his investment, an investment that takes a raw product and turns it into a valuable one that is in high demand.

Subject: aviator insurance. The bill would require the Secretary of Defense to submit a proposal to the Committees on Armed Services which would provide $100,000 of accidental death insurance to aviators performing operational flying. Such insurance would be at no cost to covered aviators and could be contracted out. I think this would recognize the risks involved in military flying which we all know is certainly more arduous than just flying in the airlines. The families of military aviators certainly deserve such consideration. I think the figure of lost military pilots is something in the neighborhood of 139 last year that was the last figure that I believe we had. So, this recognizes that it is hazardous duty.

Next, report on aviator assignment policies and systems. The bill would task the Congressional Budget Office to evaluate the aviator assignment policies and systems of the military services and to report to the Committees on Armed Services on the effectiveness and efficiency of the policies and systems in assigning aviators to aviator positions and in accommodating individual preferences within the operational needs of the services.

Inputs I have received from military aviators indicate substantial and serious anguish about the lack of assignment visibility and a perceived preoccupation with filling squares with little regard to individual desires. That may be a valid concern. But if it is not, the perception is there, and I think something needs to be done about it.

I believe military aviators have the right to expect visibility and stability in the assignment process as much as there possibly can be. I don't expect 100 percent satisfaction because not every aviator's desires can be accommodated, obviously. I have a strong feeling the services can do better in this area than we have done in the past.

An outside look at this by the Congressional Budget Office will hopefully help to correct problems or perceptions that are detrimental to retention.

Now, commission on national shortage of aviators. Finally, the bill would indicate that it is the sense of the Congress that the President should convene a commission composed of representatives from the airline industry, the Department of Defense and

other interested parties to address the problem of the national shortage of aviators and to recommend solutions to the problem and to make appropriate legislative recommendations to the Senate and to the House of Representatives.

I believe the problem of aviator retention in our military services is part of a larger problem, the burgeoning demand for aviators in the airline industry and a limited supply of aviators in this country. Indeed, the problem has gone international. It's an international problem now because other countries, such as Canada, Great Britain, UK, the Federal Republic of Germany and Spain, are also experiencing difficulties in retaining their military pilots because of airline and commercial hiring.

The question that is addressed in the bill is what should be done about this problem. And it seems to me that it is time for us to get an answer to that question. It is a difficult one to answer and will require thoughtful consideration by the best minds we can bring to bear on it.

Perhaps we can make arrangements that the airlines cease some of their hiring pressure on people in the earlier period of their career so that we let people get a 20-year time period in. The airlines would then have them available for a 20-plus-year period for airline flying beyond that period of time.

That summarizes the key provisions of the bill.

The bottom line for me is that enactment of this bill would increase combat efficiency of our flying forces. That is key and bottom line. I believe the payoff will show up in better experience levels, lower turnover, better flying safety and certainly higher morale. All of this translates to improved combat readiness, and that is the bottom line. That is a vital element of deterrence and it's an insurance policy for peace.

In terms of cost, I expect the bill will result in savings. I know that OMB has had some concern about the cost. The increase in aviation career incentive pay will cost about $118 million. But that cost will be more than offset by savings resulting from improved retention.

For example, the replacement cost of an experienced F-16 fighter pilot, one who has, say, 800 to 1,000 hours of flying in that weapons system, is roughly $5 million as I said before. That is what we spend to get that person up to that state of training. Now, that is the amount that has been invested in his training, including his pay and allowances. And using that example, improve retention of just 21 F-16 pilots in a year would result in a breakeven offset against the increase in aviation career incentive pay.

Obviously, more definitive costs analysis is required, and I have asked the Congressional Budget Office to assist accordingly.

I want to conclude by saying that I believe the bill we have introduced will provide a comprehensive framework for dealing with the problem of aviator retention in the military services. We don't claim it is perfect. There may be some modifications that are appropriate, and that is the reason why we look forward to hearing from our witnesses here today.

It is my intention that the bill will eventually be incorporated into the committee markup for the Defense Authorization Act for fiscal years 1990-1991. I believe the improvements it makes in mili-

tary aviator compensation and management are needed to not only correct the retention problem I have discussed, but to treat the military aviator community with the regard to which it is due.

I certainly want to thank my good friend, John McCain, who is here with me this morning for joining on cosponsoring this bill. He is a valued member of this subcommittee. I certainly have the highest regard for his contributions.

Senator McCain, do you have any comments? I know that my statement has been long this morning. But I thought it was important on this issue to frame it the way it has developed so that everyone would know exactly where we are coming from with this bill. So, I appreciate your forbearance with that. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman. Frankly, I think it is very appropriate that you gave your overall views on this legislation because I think from reading the witnesses' statements, there are some reservations that the services have.

Before I get into that, I would again like to express my appreciation for the opportunity of serving with you. I have had the great pleasure of being friends with you now for some 13 years, and to know someone of your caliber and have the opportunity to serve is a great honor for me. And I look forward to our continuing relationship. I don't know an issue on which we have been in disagreement, and I hope our witnesses don't believe that there is any kind of Navy-Marine Corps team here.

Senator GLENN. If there is, so be it. [Laughter.]

Senator MCCAIN. I would like to make a couple of comments. Senator Wilson is still on the subcommittee. Senator Lott, who has joined us from the House of Representatives, will be I'm sure a very valued member of the subcommittee. And, of course, Senator Byrd, as you mentioned, Mr. Chairman, has come back to the committee after many years. And we certainly will appreciate his assistance not only because of his wonderful personality, but also because of his position as chairman of the Appropriations Committee on this issue and others.

A couple of brief comments. I noted not with surprise that OMB has rejected this proposal for the usual, in my view, rather shortsighted, slide rule reasons. That concerns me, but I do believe that it is clear that we need to do whatever we can to solve this problem which isn't going to get any better.

I also am the ranking Republican on the Aviation Subcommittee of the Commerce Committee. And it is clear from testimony of the witnesses there that there will be an ever-increasing demand for pilots on the part of the commercial airlines. There will be more passengers flown. There will be more airlines flown. And the expansion of the airlines and thereby a requirement for additional pilots will grow geometrically, and there is no doubt that frankly this piece of legislation will not solve the problem.

That is why I am glad to see part of this legislation is for the appointment of a commission because we are going to have to work somehow with the airlines to provide another source of airline pilots in my view. I am particularly alarmed, as I know the witnesses are, that last year as many pilots as were trained by the combined military services as were hired by the airlines. That trend is not going to do anything but increase.

I also think that this issue be addressed in times of reducing and shrinking defense budgets. We don't want to repeat the mistakes of the 1970s where we neglected our most vital and important asset, and that is our men and women that are in the armed services. I would suggest that those that are in aviation, obviously, are of crucial importance to us.

I noted, Mr. Chairman, that Air Marshal Sir Lawrence Jones, the Air Member for Personnel of the United Kingdom, is in the audience. We would certainly be interested in hearing the challenges that they face.

And finally, I would urge our witnesses, as we go through this legislative process, to try and reach as much agreement as possible on the basic issues or aspects of this legislation. I noted that there is a lot of variance in the witnesses' testimony, having read the written testimony of the witnesses. I think it would be helpful to this committee if there was as much unanimity of opinion as possible recognizing that that is not going to take place in toto given that the services have varying needs and varying requirements.

I am interested, Mr. Chairman, in noting that both the Naval Academy and the ROTC failed to meet their quotas of naval aviators for the first time last year. I will be interested in exploring all of the reasons for that because, obviously, we don't want to do anything to impair recruiting. At the same time I note that the Air Force has not had that problem. So, I think that this and other hearings we will have on this issue perhaps will give us some more information.

I don't believe that this legislation is engraved anywhere on golden tablets. At the same time I think it is an important and vital beginning. And it would help us if the services, as much as possible, could be in agreement on their positions.

Again, I want to thank the witnesses for their patience. We look forward to your testimony, and we look forward to working with you as we address this issue in the short term. And I do view this legislation as basically a short-term, a few-year solution and then working with the services on a long-term solution so that we can maintain the qualified men and women in aviation in all of our services.

Thank you again, Mr. Chairman. It is a pleasure.

Senator GLENN. Thank you, Senator McCain.

As Senator McCain mentioned, we do have in our audience today Air Marshall Sir Lawrence Jones, Air Member for Personnel of the United Kingdom, UK, who is a guest of General Hickey. Accompanying him from the Embassy of the UK is Air Attache Air Commodore Robert Peters. Gentlemen, the subcommittee welcomes you. The problem of aviator retention we are addressing is one in which we share a mutual concern.

Air Marshal Jones, in addition to welcoming you, we would welcome any remarks you might wish to make before we get on with our witnesses. Do you have any comments with regard to the situation in the UK that is similar to this?

STATEMENT OF AIR MARSHAL SIR LAWRENCE JONES, AIR MEMBER FOR PERSONNEL, UNITED KINGDOM

Air Marshal JONES. Thank you, Mr. Chairman, for your very kind words of welcome.

It is obviously of great interest for me to be here today because we do share a common problem, obviously, from what I have heard. Pilot retention in the face of the determined, long-lasting and quite a large-scale recruiting campaign by the UK airlines is certainly causing great concern, and I know that that concern is common to many western nations. They all face exactly the same problem of pilot retention. And therefore it is extremely valuable for me to be here and to listen to how you propose to solve the problem, and for that I am very grateful, Mr. Chairman.

Senator GLENN. Thank you very much. After having heard our program here and the witnesses today, if you have any comments that you would wish to make that you think would benefit us, we would more than welcome your comments.

Air Marshal JONES. I am sure all the education will be the other way around, Mr. Chairman. [Laughter.]

Senator GLENN. Don't I hope you're right, but I doubt it. [Laughter.]

Our witnesses today are Lt. Gen. Don Jones, Deputy Assistant Secretary of Defense for Military Manpower and Personnel Policy; Lt. Gen. Allen Ono, Deputy Chief of Staff for Personnel, U.S. Army; Vice Adm. Mike Boorda, Chief of Naval Personnel; Lt. Gen. Thomas J. Hickey, Deputy Chief of Staff for Personnel, U.S. Air Force; and Lt. Gen. John Hudson, Deputy Chief of Staff for Personnel, U.S. Marine Corps.

Gentlemen, the subcommittee welcomes you. You each have submitted a written statement which, without objection, will be included in the record at this time in their entirety. The subcommittee welcomes any oral opening statements you have before we move to questioning.

We will start with General Jones who represents the OSD, the Office of the Secretary of Defense. General, this is your first time before this subcommittee, so I want to extend a special welcome to you and please proceed with any opening remarks you may wish to make.

STATEMENT OF LT. GEN. DONALD W. JONES, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MILITARY MANPOWER AND PERSONNEL POLICY, U.S. ARMY

General JONES. Thank you very much, Mr. Chairman. I am delighted to be here. I am also grateful for the opportunity to discuss with the subcommittee one of the Department's most important readiness concerns, and that is aviator retention, and to offer our views on the Aviation Career Incentive Act that was recently introduced by the subcommittee.

The special interest and the special familiarity with this topic by the cosponsors are very much appreciated. That interest is certainly shared by the Department. We both are committed to maintaining an effective aviator management program that supports the accomplishment of our national security objectives in a most cost-ef-

fective manner. Our December 1988 study highlights many of those considerations that bear on our success in accomplishing those objectives in a resource environment that increasingly is more constrained.

Consistent with the views of the administration, the Department at this time recommends against the increases in aviation career incentive pay. In a time of constrained resources, the Department believes that the bonus is the most cost-effective means to resolve the aviator retention problem.

We are sensitive to the equality issues where members of two different services fly the same type of aircraft, land on the same platform and one receives a bonus and the other doesn't. And I think we are going to have to review that and come up with some solution, Mr. Chairman, to resolve those types of things. We certainly don't want to break readiness and then go back and try to fix it. We want to be able to identify those problems and fix them up front.

We realize that there are risks associated with adopting this position and do not rule out the possibility of an increase in ACIP if retention trends in the Navy and Air Force don't significantly improve. To date, take rates associated with the bonus program that began in January are generally acceptable with the exception of a few specialties in the Navy and the more junior Air Force officers.

In the event Congress does enact legislation to increase ACIP, we would hope that some changes would be made to the existing proposed bill. The proposal to extend the initial gate from 6 to 9 years does cause us some concern. For the total force, we would be able to achieve the 9 year gate average, but we probably can't achieve it for each individual aviator.

For example, in the Army, we would have no difficulty achieving it for our warrant officers. For the commissioned officers, however, it would be more difficult. If we accept the premise that aviators are officers first and aviators second, they must spend time in schooling, command, and in some cases joint jobs. It would not allow time for civil schooling, ROTC instructor duty, faculty at the service academies, or recruiting and Reserve component duty. I know you have highlighted a number of those that we need to look at, and I would certainly agree with you in a number of those.

We foresee no difficulty in meeting the second and third gates. Accordingly, we would recommend that the first gate should remain at 6 years in order to be able to accomplish those things that I mentioned.

Our second concern is with the increased active duty service obligation. The Navy and the Air Force have increased their active duty service obligation by 2 years, and the trends of the other two services are longer. We believe that each service attracts different kinds of candidates and that each service has unique management and operational requirements. We believe it would be unwise to take away the military department Secretaries' flexibility to react to changes in aviation accession trends. If recruiting starts to fall, then changes could not be made without waiting for a change in the law.

We have a conversation with the commanding officer of Naval ROTC from Auburn this week, that we hadn't solicited; he indicat-

ed that a couple of his top-notch ROTC students had read a report in the Navy Times that we were going to extend the service obligation, and they dropped out of the ROTC program. We haven't canvassed anyone else. But that was just one indication of what initial press releases and all these things can do.

The proposal to cut the non-operational flying positions by 5 percent also causes some concern. The ratio of aviators to aircraft is based on operating tempo, crew rest, and wartime demands. It is essential that we have officers who are qualified in specific weapons systems to write doctrine, develop tactics, to be wartime planners, procurement specialists, and I think in some cases ROTC instructors. If we are attempting to influence young men and women to be aviators, then I think they need to see people in uniform wearing the wings.

Officers serving in joint-duty billets must be knowledgeable in their service-unique systems if they are to be effective in representing their arm in a joint environment.

Another approach might be to limit the number of aviators who would be allowed to serve in non-aviator billets.

We appreciate the opportunity that you would give to us in going back and evaluating this; and also the opportunity to come back and justify those positions in the second cut. So, we will go back and do our homework. And hopefully, if we have a requirement to keep those numbers, we will be able to provide you hard data to convince you of that fact.

The proposal to index ACIP to basic pay increases would establish an undesirable precedent for other types of incentive/special pay. If an increase is needed to offset erosion to ACIP, then the Department should introduce legislation to increase that specific pay.

The final issue has to do with the insurance for aviators. There are several other specialties for which the personal insurance policy is affected by duty assignment, such as aircraft crew members, EOD personnel or other personnel for which the insurance industry charges high premiums. We believe it might be more appropriate to raise SGLI to $100,000 and allow all service members the option of selecting either a $50,000 or $100,000 increment. This would help both aviators and other high-risk groups, as well as others in the military—99 percent subscribe to SGLI.

In summary, the Department believes that ACIP and the bonus are complementary and should be continued on a permanent basis. The services should retain the flexibility to react to changing situations in order to meet aviator retention goals, ACIP to provide an incentive for an aviation career, the bonus to correct manning shortfalls. If the bonus fails to achieve the objective of retaining sufficient numbers of aviators to meet wartime requirements, then we could consider introducing legislation to raise ACIP or implement other managerial improvements.

In closing, I assure you that the Department is vitally interested in enhancing aviation readiness and reducing associated training costs. I know that the Congress also shares in these objectives and we appreciate your continued help.

I appreciate the opportunity to share these views and would be happy to respond to questions now or after you have heard the rest of the wintesses, Mr. Chairman.

[The prepared statement of General Jones follows:]

Statement of Lieutenant General Donald W. Jones

Deputy Assistant Secretary of Defense (Military Manpower & Personnel Policy)

Good Morning, Mister Chairman, I am grateful for the opportunity to discuss with the subcommittee one of the Department's most important readiness concerns--aviator retention--and to offer our views on the Aviator Career Improvement Act that recently was introduced by this subcommittee.

The special interest and the special familiarity with this topic by the cosponsors are very much appreciated. That interest is certainly shared by the Department; we both are committed to maintaining an effective aviator management program that supports the accomplishment of our national security objectives in the most cost-effective manner. Our December 1988 study highlights many of the considerations that bear on our success in accomplishing these objectives in a resource environment that increasingly is more constrained.

Consistent with the views of the Administration, the Department, at this time, recommends against the increases in Aviation Career Incentive Pay (ACIP) that are contemplated in the proposed bill, and the associated changes in qualification criteria--or aviation "gates." The Department also recommends against the statutory definition of active duty service obligations, and suggests an option to increase the current limits on Servicemen's Group Life Insurance--an approach to the insurance initiative that is somewhat different from that suggested in the bill.

The Department fully concurs in the view that aviator retention bonuses will continue to serve as an important component of our retention program. In fact, we would urge more permanent authority to employ these bonuses. The DoD Aviator Retention Study recognized that there was some potential risk in applying large bonuses to some parts of the aviator force while not raising the compensation levels of all aviators through an ACIP increase. The Department's considerations revolved around the issue of whether or not increased ACIP was a more appropriate investment relative to the bonus, given the alternative uses to which these funds could be put. Without question, the training investment associated with developing an experienced aviator argues for a solution that relies more upon retention incentives than upon recruiting and training; the central issue is how best to accomplish that goal. We judge that the aviator retention bonus is currently the appropriate vehicle for improving retention, especially in light of the greater investment associated with an ACIP increase in achieving a similar retention effect. In view of current fiscal constraints, the Department believes that the limited available resources would be most efficiently applied through the course of action suggested in the DoD Aviator Retention Study.

As the study discussed, if one seeks to correct current retention problems through an increase in ACIP, the solution becomes more expensive. It also should

be noted that, if the proposed legislation were enacted, the Secretaries of the Military Departments could be compelled to implement the increased ACIP tables, whether indicated by current retention patterns or not. Again, an avoidance of risk carries a price, and adjustments within the system have substantial carry-over effects. It would be appropriate to view ACIP as underpinning overall retention--which currently appears adequate in some Services, and many specialties--while bonuses can be applied in addressing specific retention challenges. The course of action recommended in the DoD Aviator Retention Study was consistent with these premises.

As you are aware, very recently--in January--the Air Force began employing the aviator bonus program, and the existing Navy bonus program was expanded (bonus values doubled). If actual experience with this bonus program indicates that an increase in ACIP is indicated, then the Department would initiate the necessary action to accomplish that--but at this point, it is too early to clearly establish that need. Considering the associated cost of the increase, we believe that such a need should be quite clearly demonstrated before an ACIP increase is sought.

As a matter related to ACIP, the proposed legislation also would establish revised qualification criteria, or"gates"--the hurdles become more difficult to negotiate by the aviators. To the extent that service obligations could not be subordinated to the needs of individuals in meeting their flying gates, the more rigorous standards would actually result in a loss of flight pay, which would operate against current retention efforts. The standard would leave assignment managers little leeway to respond to variances that could be appropriate, based on individual needs or wants. It creates new pressures upon the aviators, and such pressures bear on retention. Given that, for the most part, the Services are exceeding that standard in the aggregate, we believe that applying this criterion to each and every individual potentially could be counterproductive.

If initial service obligations were rigidly extended across the board, as the proposed legislation contemplates, there would be increased potential for recruiting problems. If this occurs, the Services must respond rapidly in order to avoid costly slack in the aviator training base. The Department urges against the withdrawal of this management option from the Secretaries of the Military Departments. The December 1988 study pointed out that the pattern has been one of increasing--not decreasing--these obligations.

The very risks that we seek to dampen through the legislation in one section can emerge through the provisions of another. If the bill were enacted, it would lock down certain management levers required to shape the force, while concurrently requiring the accomplishment of more finite management objectives (in the form of increased utilization in operational flying positions). A significant concern is that, in working to address the current problems of the Air Force and Naval aviators, we would prefer to avoid unintended consequences not only for those Services, but also for the Army and Marine Corps, which have a considerably different situation. Taking away management instruments currently available to the Secretaries of the Military Departments, and locking such rigorous

standards into the statute, significantly raises that potential.

The Department also urges against the proposed 5 percent reduction in nonoperational flying positions. We are uncertain of the specific force structure changes that would be necessitated by current budget adjustments; thus these reductions at this point would be premature.

With respect to the aviator insurance initiative, it should be noted that only once, for a brief period preceding World War I, has a different insurance program been applied based on one's specialty. In accomplishing the objectives of the legislation, while expanding a good idea to a wider spectrum of the Armed Forces, the Department recommends that the current limit on Servicemen's Group Life Insurance (currently $50,000) be increased to $100,000 with service members allowed the opportunity optionally to elect the higher limit. This was an excellent initiative identified by the Fifth Quadrennial Review of Military Compensation; it would accomplish the objectives of the legislation while making an important contribution to all members of the Armed Forces.

Again, the Department very strongly supports a permanent extension of the bonus program. The differing retention behavior across Services, and across specialties, suggests that the bonus program will continue to be a vital component of both the short- and long-term management of this problem .

I appreciate the opportunity to share these views and would be pleased to respond to your questions.

Senator GLENN. Thank you.

Do we have any other opening statements. General Ono, do you have a statement?

STATEMENT OF LT. GEN. ALLEN K. ONO, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

General ONO. Thank you.

May I begin by saluting Army aviators. They are skilled and dedicated; they are serving throughout the world, and are doing a terrific job. Army aviation is a member of the combined arms team, bringing a dramatic and lethal dimension to the modern battlefield.

The Army is different, and for that reason, I would like to take a moment to describe our aviation force. First, it is a mix of commissioned and warrant officers. About 12,500 of the Army's 13,500 aviators are helicopter pilots. About 7,400—55 percent—are commissioned officers; 6,300—45 percent—are warrant officers. A similar mix is found in the Reserve components.

The Active component warrant/commissioned officer mix of 45/55 percent is gradually going to reverse itself as we expand warrant officer opportunities.

In regard to the retention situation of the Army, we have no retention problems at this time. And so, therefore, Mr. Chairman, we urge caution in making major changes. Our caution is to avoid any inadvertent retention problems that might result within the Army.

In regard to pilot retention, I would like to comment on two provisions of the bill. First, the service obligation. Ours is 5 years. You are suggesting seven. We feel that our 5-year obligation is short enough to attract high quality officers into Army aviation. Eighty-four percent of the officers selecting aviation are distinguished military graduates, attesting to the quality of our recruiting.

Additionally, we feel it is long enough to recoup the investment in our pilot training. In fact, most of our aviators remain beyond their active duty service obligation. We feel that the 7 years that you propose is too long and too quick for the Army. Our record shows that the 5-year active duty service obligation works, and we prefer at this time to make no change.

Concerning the gates, Mr. Chairman, we have no problem with our warrant officers. They are single-tracked in aviation assignments and can make both the first and second gates. The big problem comes with our commissioned officers. When we analyzed our force using today's experience, only 51 percent would make the first gate, and only 45 percent the second gate. The proposal we feel is too inflexible for the Army.

Our aviation commissioned officers are officers first, as General Jones testified. They need to develop and serve in other parts of the Army, representing aviation, so that others in the Army can learn about that dimension of the Army. This also allows aviation officers to gain a broader perspective of the Army through service in other organizations, as well as joint and combined commands.

The Army does not fight alone. We need a strong Navy, Air Force and Marine Corps to accomplish our mission. Some services have aviator retention problems, and those need to be fixed, and we support that. But we express a caution that those fixes should be carefully considered and be flexible enough so as to prevent any inadvertent retention problems and readiness problems within the Army.

Mr. Chairman, thank you.

[The prepared statement of General Ono follows:]

STATEMENT BY

LIEUTENANT GENERAL ALLEN K. ONO

DEPUTY CHIEF OF STAFF FOR PERSONNEL

U.S. ARMY

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, I APPRECIATE THE OPPORTUNITY TODAY TO TALK TO YOU ABOUT ARMY AVIATION AND THE DEPARTMENTS POSITION ON S.653, THE AVIATION CAREER IMPROVEMENT ACT OF 1989.

ALTHOUGH WE SUPPORT SOME PORTIONS OF THE BILL WE BELIEVE THAT ADJUSTMENTS CAN BE MADE TO THE BILL IN AREAS WHERE THE POTENTIAL EXISTS WITHIN THE ARMY TO COUNTER POTENTIAL GAINS.

FIRST I WOULD LIKE TO TALK ABOUT ARMY AVIATION, AS IT IS UNIQUE FROM THE OTHER SERVICES. THE ROLE OF ARMY AVIATION HAS EXPANDED SINCE ITS ORIGIN IN 1942 TO AN ESSENTIAL MEMBER OF OUR COMBINED ARMS TEAM AND EQUALLY IMPORTANT AS A MEMBER OF THE DEPARTMENTS JOINT FORCES. THE AVIATION SPAN OF CONTROL REACHES ACROSS THE SPECTRUM OF COMBAT OPERATIONS ON THE BATTLEFIELD. RECOGNITION OF THE IMPORTANCE OF AVIATION LED TO THE ESTABLISHMENT OF AVIATION AS AN ACCESSION BRANCH IN 1983.

ARMY AVIATORS FALL INTO ONE OF TWO DISTINCT CATEGORIES: EITHER AVIATION COMMISSIONED OFFICERS OR AVIATION WARRANT OFFICERS. AVIATION COMMISSIONED OFFICERS ARE MANAGED WITHIN THE GENERAL FRAMEWORK OF THE OFFICER PERSONNEL MANAGEMENT SYSTEM. ALTHOUGH INITIALLY ORIENTED HEAVILY INTO FLYING, THEY TYPICALLY EXPERIENCE A VERY BROAD RANGE OF ASSIGNMENTS AND CAREER DEVELOPMENT OPPORTUNITIES CONSISTENT WITH THOSE AVAILABLE TO ALL ARMY OFFICERS. AVIATION WARRANT OFFICERS ARE HIGHLY SPECIALIZED EXPERTS AND TRAINERS WHO OPERATE, MAINTAIN, ADMINISTER AND MANAGE THE ARMY'S AVIATION EQUIPMENT, SUPPORT

ACTIVITIES, OR TECHNICAL SYSTEMS. THEY BUILD ON AN AVIATION CAREER IN ASSIGNMENTS THAT CAPITALIZE ON THE INCREASED SKILLS THESE OFFICERS GAIN THRU EXPERIENCE AND PROFESSIONAL DEVELOPMENT. NO OTHER SERVICE PROVIDES THIS OPPORTUNITY. THE AVIATION WARRANT OFFICER IS THE CORNERSTONE OF OUR AVIATION FORCE.

THE ARMY BELIEVES THAT POLICIES INCREASING THE ACTIVE DUTY SERVICE OBLIGATIONS AND CHANGES TO THE AVIATION "GATES" HAVE THE POTENTIAL TO COUNTER THE INCREASED GAINS CONTEMPLATED BY THE REMAINDER OF THE BILL.

SPECIFYING THE LENGTH OF THE ADSO IN LAW ELIMINATES THE FLEXIBILITY OF THE SERVICES AND THE DEPARTMENT OF DEFENSE TO MANAGE BASED ON THE NEEDS OF THE SERVICES. THE ARMY IS IN THE MIDST OF REVIEWING ITS ADSO, AS DIRECTED BY THE DOD AVIATOR RETENTION STUDY, IN PREPARATION FOR THE JUNE DOD EXECUTION REVIEW. PRELIMINARY FINDINGS SUPPORT MAINTAINING THE EXISTING 5 YEAR OBLIGATION. CURRENTLY THE ARMY IS ATTRACTING EXTREMELY HIGH QUALITY ACCESSIONS FROM BOTH THE MILITARY ACADEMY AND ROTC IN ADDITION TO EXCEPTIONAL IN-SERVICE ACCESSIONS FROM OTHER BRANCHES. ALTHOUGH UNSUBSTANTIATED BY HARD DATA, INCREASING THE ADSO HAS THE POTENTIAL TO DISRUPT THE FLOW OF HIGH QUALITY ACCESSIONS NOW ACHIEVED WITH THE CURRENT 5 YEAR OBLIGATION.

THE REVISED "GATES" OF 9 OF 12, 10 OF 18, AND 12 OF 18 YEARS OF OPERATIONAL FLYING SERVICE WILL POSE NO PROBLEMS FOR OUR AVIATION WARRANT OFFICERS THAT ACCOUNT FOR APPROXIMATELY HALF OF OUR AVIATORS. THE AVIATION WARRANT OFFICER AVERAGE WAS 11 YEARS OF OPERATIONAL FLYING AT THE FIRST "GATE" WITH 82 PERCENT CAPABLE OF MEETING THE INCREASED "GATE" PROPOSED BY THE BILL, WHILE THE AVERAGE WAS 15.3 YEARS AT THE SECOND "GATE" WITH 98.5 PERCENT CAPABLE OF MEETING THE PROPOSED "GATE".

THE DEPARTMENT, HOWEVER, SUPPORTS RETAINING THE "GATES" AT 6 OF 12 AND 9 OF 18 YEARS OF OPERATIONAL FLYING EXPERIENCE TO PROVIDE US THE FLEXIBILITY NEEDED TO MANAGE AVIATION COMMISSIONED OFFICERS. ALTHOUGH THE AVERAGE OPERATIONAL FLYING SERVICE FOR COMMISSIONED OFFICERS WAS 8.9 YEARS FOR THE 12 YEAR GATE, ONLY 51 PERCENT WOULD HAVE MET THE 9 YEAR "GATE" RULE, AND WHERE THE AVERAGE WAS 10 YEARS FOR THE 18 YEAR "GATE" ONLY 45 PERCENT WOULD HAVE MET THIS "GATE" USING EXISTING POLICIES. THE REVISED "GATES" WILL HAVE THE MOST NEGATIVE IMPACT ON THE 120 IN–SERVICE ACCESSIONS PROGRAMMED EACH YEAR. THESE OFFICERS BRANCH TRANSFER FROM OTHER BRANCHES DURING THEIR 3RD AND 4TH YEARS OF SERVICE. INCREASING THE SECOND "GATE" TO 10 YEARS WILL REQUIRE SUBSTANTIAL CHANGES TO EXISTING AVIATION FORCE STRUCTURE TO INCREASE UTILIZATION PATTERNS FOR COMMISSIONED AVIATORS. SELECTED COMMISSIONED OFFICERS NOW GO TO HIGH PRIORITY ASSIGNMENTS AND ADVANCED CIVIL SCHOOLING AFTER 5 CONTINUOUS YEARS OF FLYING. INCREASING THE AVIATION "GATES" WILL LIMIT OFFICER PROFESSIONAL DEVELOPMENT TRAINING, PROVIDE NO TIME FOR COMPANY GRADE OFFICERS TO ATTEND ADVANCED CIVIL SCHOOLING, AND LIMIT THE USE OF THESE OFFICERS OUTSIDE OF FLYING EVEN WHEN IN THE BEST INTEREST OF THE ARMY.

THE ARMY BELIEVES THAT WITH THE ADJUSTMENTS WE HAVE RECOMMENDED IN THE AREAS OF ADSO AND "GATES" AND THOSE RECOMMENDED BY DOD THAT THE BILL WILL IMPROVE ON OUR ALREADY FAVORABLE RETENTION RATES AND PERMIT US TO OVERCOME THE PILOT SHORTAGES WE ARE EXPERIENCING IN SPECIFIC SPECIALTIES.

YOUR CONTINUED SUPPORT IS REQUESTED OF THE ARMY PROGRAM AND I WILL BE PLEASED TO RESPOND TO YOUR QUESTIONS.

Senator GLENN. Thank you.
General Hickey, do you have any comments?

STATEMENT OF LT. GEN. THOMAS J. HICKEY, USAF, DEPUTY CHIEF OF STAFF FOR PERSONNEL

General HICKEY. Mr. Chairman, it is an honor for me to appear again before this committee.

In the interest of saving time, I will stand with the formal comments that I have, and I will stand ready to answer your questions.

[The prepared statement of General Hickey follows:]

STATEMENT OF: LIEUTENANT GENERAL THOMAS J. HICKEY
DEPUTY CHIEF OF STAFF, PERSONNEL
HEADQUARTERS, UNITED STATES AIR FORCE

Mr. Chairman and members of the committee, it is indeed an honor to appear before you today to discuss a comprehensive plan to restore a national resource.

Aviator retention is one of the more critical issues facing the Nation today and it remains one of the Air Force's biggest challenge for the next decade and beyond. The Air Force competes for the best people in a highly competitive market, and spends millions of taxpayers' dollars training new aviators. If appropriate actions are not taken, we will have a pilot shortage of more than 2,400 by 1994, amounting to several billion dollars worth of trained and experienced pilots lost. Therefore, the introduction of the Aviation Career Improvement Act of 1989 is a positive step to increasing our readiness posture.

I would now like to address our support of several key features of this bill.

EXTENSION OF ACP PROGRAM. Implemented for little more than 3 months, we are seeing positive results from the bonus program. Although the jury is still out on the overall effectiveness of the bonus program, the Air Force has an acceptance rate of over 60% of the eligible population. Our projections show that without the ACP program we would expect to be more than 2400 pilots short by 1994. By continuing bonus authority through the FYDP, we would expect to reduce the shortage to about 1000 pilots.

REDUCTION IN NONOPERATIONAL FLYING DUTY POSITIONS. We have looked at and scrubbed our aviator requirements several times in the past year. Furthermore, we are in the process of wrapping-up one of our most comprehensive evaluations of aviator requirements that ensures we only use aviators in positions that require their expertise. As a result, we expect to be able to meet the 5%

reduction in non-operational flying positions as specified in the proposed bill.

MINIMUM SERVICE REQUIREMENT FOR AVIATORS. We fully support the concept of increased minimum service requirements for aviators and its impact on retention. Air Force active duty service commitment for initial pilot training was increased from six to seven years in 1987 and to eight years in 1988.

REPORT ON AVIATOR ASSIGNMENT POLICIES AND PRACTICES. We welcome the opportunity to document the progress we have made in the assignment area. We have instituted sweeping changes in the way careers of Air Force officers are managed through the Officer Professional Development (OPD) program. The emphasis throughout OPD is that duty performance is the key to success and for the first several years the young aviator should focus on his or her primary job: flying. In that regard we instituted a policy that keeps our company grade aviators at the wing level and below for the first 10 years to build the depth of experience necessary for future leaders of the Air Force. Along with this policy change, we redesigned the performance ratings to stress the importance of primary job performance during the early years. In addition, commanders and supervisors are more actively involved in the assignment process than ever before. We require their endorsement on officer assignment preference forms and seek their judgment on the appropriate follow-on job for the officer. We have also realigned professional education courses so that officers take them when needed for job related skills instead of taking them to enhance promotion opportunity.

SENSE OF CONGRESS REGARDING ESTABLISHMENT OF COMMISSION TO CONDUCT A STUDY ON THE NATIONAL SHORTAGE OF AVIATORS. By all estimates, the Nation will need between 4,000 and 8,000 pilots per year to supply expanding commercial aviation and military

service requirements. The military can neither afford to train and experience pilots to meet the large demand, nor do the airlines utilize the military unique training we provide to all our pilots. Therefore, the government and private industry must actively participate in a joint venture to produce pilots in sufficient numbers and required skills to satisfy the Nation's huge demand. This cannot be done over night -- we must all work together to restore this critical national resource.

In summary, you have drafted a very comprehensive bill that addresses the central aviation issues.

I will be happy to respond to any questions you would like to ask.

Senator GLENN. Fine, good.
Admiral Boorda.

STATEMENT OF VICE ADM. J.M. BOORDA, CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING, AND CHIEF OF NAVAL PERSONNEL, U.S. NAVY

Admiral BOORDA. Yes, sir. Thank you, Mr. Chairman.

When you introduced the bill, you complimented Fred Pang who is sitting behind you. I would like to compliment both him and Phil Upschulte. That was a super job.

Senator GLENN. Thank you very much. I'm glad you brought that up. That is very kind. I was going to do that a little bit later on. Fred did a yeoman's job on this in picking up with the statistical analysis that you sent over to us from the Pentagon. He picked up on that and did an outstanding job in working this out over quite a period of time. And he does deserve a lot of credit for it.

Admiral BOORDA. Well, in the interests of saving a lot of time, I have talked to Fred and also my statement discusses almost all the provisions of the bill.

I would say that on initial analysis, what you recommended in the monetary fixes would solve nearly all of our aviator shortages with the exception of one speciality—electronic warfare—by 1994. Now, I say that very cautiously because the airlines will respond to what we do and the other features of the bill have to play. But the two monetary provisions do work together to produce the desired result for Navy. We can show that with some numbers, and we will do that with staff.

I think you have hit the three things that we should try to work. One, career satisfaction. I spend a lot of time and a lot of effort to try to do some of the things that you would tell us to do in this bill. And while I have been against CBO coming over, because I think we would do a lot of education of CBO, I want you to know that we

are dedicated to doing a better job. Hopefully, we are doing better today than we did yesterday. And when we ever think we are detailing and treating aviators just right, it will be time to get a new Chief of Naval Personnel. We have a long way to go. But I think I know how to do that, and I think we are making progress.

In the management initiatives, I have outlined our difficulty with each one of those. We have some flexible positions that we need to talk about and hopefully in the questions and answers, we may. But we did have trouble this year—and I can't ignore that—in getting qualified, quality people in the right numbers from the Naval Academy and NROTC. Part of that problem I think is due to the fact that we're short of aviators. And so, we didn't have enough aviator representation encouraging those youngsters to select an aviation career. Those would be the kinds of billets you would ask us to reduce if we had a few more aviators in the reduction of non-flying positions. So, we are kind of in a circle there and I hope we get a chance to talk about that.

Finally, the bonus is working in the Navy. Since 1981, when we began paying the bonus, we have retention results for every dollar we have spent, and it is a cost-effective way to spend money. And we need to continue that. A Navy that has now been on a bonus for about a decade can't easily walk away from that sort of thing unless we have some replacement. It is working. Our take rates this year are very good. I think, combined with other provisions of the bill, the ones that I did support in my statement and have talked to staff about, we can make a real difference in the Navy.

And I thank you for sponsoring such a bill. Thank you.

[The prepared statement of Admiral Boorda follows:]

STATEMENT OF

VICE ADMIRAL J. M. BOORDA, U. S. NAVY

DEPUTY CHIEF OF NAVAL OPERATIONS

FOR

MANPOWER, PERSONNEL AND TRAINING

AND

CHIEF OF NAVAL PERSONNEL

Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to appear today to discuss the Navy's position on S. 653, the Aviation Career Improvement Act of 1989.

Navy believes the Act is a bold, comprehensive and forthright response to one of our most challenging problems--the retention of pilots. We are strongly in favor of the section of the bill that would extend the authority for aviator retention bonuses. We believe this provision will have a very positive effect on pilot retention because it would give us the degree of program stability we have long sought. It would also send a strong signal to our aviators that we recognize the severity of the retention problem and are taking resolute, long term actions to solve it. I ask your support as we seek the appropriation of funds necessary to implement this section of the act.

We also support the proposal to study the national shortage of aviators. If the President decides the such a study is appropriate, the Navy will be pleased to participate.

In addition to these provisions, there are other sections in the bill which address the management and utilization of aviators. We have serious reservations about portions of these because we believe they will have an adverse effect on the efficiency and flexibility of our aviation force management programs and could, in the aggregate, reduce retention and readiness.

Before I talk about our reservations in detail, I would like to add that I have read the statements delivered by you, Mr. Chairman, and by Senator McCain during introduction of this bill on the floor of the Senate. I understand and appreciate the

concerns you expressed with regard to the effective use of aviators. Given the high cost of training aviators and the continuing cost of maintaining their flying proficiency and combat skills, it is imperative that we manage them wisely and efficiently. We must keep them in the cockpit to the maximum extent feasible. We must also require our aviators to stay on active duty as long as practical in order to maximize the return on our training investment. We owe that much, at least, to the taxpayers and the aviators themselves. Please note, however, that I emphasized the words "feasible" and "practical". Our concern is that some of the provisions of the bill exceed the limits of what is practical and feasible for Navy. We believe that, if enacted, they would cause serious and far reaching problems. If I may, I will now address each of these in some detail.

AVIATION CAREER INCENTIVE PAY: ENTITLEMENT REQUIREMENTS

This section would increase the amount of operational flying required at each of the ACIP eligibility gates. We are most concerned about the increase from six to nine years of flying to meet the twelve year gate. Currently, Navy pilots have an average of 11.3 years of operational flying at twelve years of service. For jet pilots the average is even higher at 11.8 years. The average for Naval Flight Officers is 9.5 years of operational flying. Consequently, it could be concluded that a nine year requirement should pose no problem for the Navy. But, in our opinion, these averages indicate a three year statutory increase in the requirement would have little positive effect on the efficiency of aviator assignment policies within the Navy. On the other hand, such an increase would put additional pressure on individual aviators by narrowing the window of assignment flexibility--a window that is already very small. The increased risk of losing ACIP eligibility will make aviators more reluctant to go to important non-flying assignments such as joint duty, recruiting, Professional Military Education, Naval Academy staff, etc. It will, in fact, work against our ability to meet the requirements of Title IV of the Defense Reorganization Act of 1986. This, in turn, will have a negative effect on morale and retention, as well as deterring officers from seeking those non-

flying shore assignments important both to their professional development overall and the needs of the Navy. It will also add, by fiat, to the family separation experienced by our aviators--the number one reason given for leaving the Service.

Another aspect of this section that concerns us is the lack of a provision to exempt aviators whose current assignment or past career patterns preclude meeting the nine year requirement. We estimate that as many as 45 pilots and 109 Naval Flight Officers will lose eligibility for continuous ACIP if this proposal takes effect without a "grandfather" clause.

In summary, Navy would prefer to retain the present ACIP gate system. If that is not possible, we would ask that the nine year requirement be reduced to seven years. If an increase is enacted, we believe the bill should be modified to protect aviators who, through no fault of their own, could not meet an increased flying requirement.

REDUCTION IN NON-OPERATIONAL FLYING DUTY POSITIONS

To comply with this section of the bill, it appears the Navy would have to reduce the assignment of aviators to non-flying billets by 5% or more. As mentioned earlier, we believe that our assignment of aviators is reasonably efficient. For example, the Navy currently has an inventory of 7,800 pilots in the ranks of ensign through lieutenant commander. Of these, only 437 or 5.6 percent are assigned to non-flying positions. We really ought not to reduce below this figure. Many of these jobs are closely associated with aviation and require an aviation background, but do not require flying. Examples include ship's company billets aboard carriers and aviation staff positions ashore and afloat. A reduction in our ability to fill these billets would directly affect our readiness. Assignment of aviators to other types of non-flying billets is driven to some degree by the need to provide a reasonable sea/shore rotation pattern. As you know, most of our cockpit seats are in deployable units--both carrier and landbased. There are not enough cockpit seats ashore to absorb all of our aviators leaving sea duty and <u>there is a</u>

practical limit to how long we should keep an individual at sea. There are, however, valid requirements in our shore establishment for naval officers and aviators fill a portion of these. Among other effects, a decrease in the assignment of aviators to these billets would prolong their sea duty assignments, increase family separation and reduce retention. The bottom line is--equitable distribution policies and efficient use of manpower necessitate the assignment of some aviators to non-flying billets. Of course, it is in the Navy's best interest to maximize the use of aviators in flying positions. We do so now and we will continue to do so.

MINIMUM SERVICE REQUIREMENT (MSR) FOR AVIATORS

This provision of the bill would increase the MSR of jet pilots to nine years and of Naval flight officers to seven years. The MSR of non-jet Navy pilots would remain at seven years.

I have very strong reservations about this section of the bill.

In the past two years, the Navy has independently raised the MSR for pilots from five years to seven. The first increase--to six years--occurred in 1987. Subsequently, we initiated an in-depth study of pilot MSR. This study analyzed the interrelationships of MSR, pilot training rates, career progression, ACIP, retention requirements and other factors. It concluded that the optimum MSR for Navy pilots is seven years. Consequently, the seven year MSR was implemented in July 1988. I will be pleased to provide copies of the study if you would like to review it.

A detailed discussion of the complex, interrelated issues surrounding MSR is beyond the scope of this brief statement. Therefore, I will confine my comments to a few of the most salient points I think we should consider.

The MSR period begins when a pilot receives his wings. Navy jet pilot undergraduate training is about 1.6 years long. Thus, a nine year MSR equals almost eleven years of total obligation for Navy jet pilots. This raises some serious concerns about the effect this will have on pilot accessions. In February of this year, the graduating class at the Naval Academy filled only 215 of 278 quotas. Staff officers at the Academy tell us that

this unprecedented shortfall was due--at least in part--to the seven year (nine total years) MSR obligation.

We have had a similar problem with ROTC pilot accessions. This year, ROTC's pilot accession goal was 498 and normally we would have had between 100 and 200 qualified applicants in excess of our requirement. Several months ago it became apparent that ROTC would have trouble meeting that goal. We canvassed all our ROTC units to discover the cause of the impending shortfall. Over 140 midshipmen in the senior class identified the seven year MSR as one of the main factors in their decision not to select the pilot program. Subsequently, our ROTC units made an extraordinary effort to "recruit" qualified midshipmen and it now appears that this year's pilot goal will be achieved. Nevertheless, the seven year MSR has definitely reduced the number of applicants which, in turn, reduces the level of selectivity in the program. As a result, the average quality of midshipmen entering the pilot program will be a little lower and we expect a resulting slightly higher failure rate in training.

These problems at the Academy and ROTC are good indications that seven years is about as far as we should go, under present circumstances, without seriously impacting the quality and quantity of pilot applicants.

The greater MSR for jet pilots versus others presents a difficult situation for Navy. All student Navy pilots complete primary training in propeller driven aircraft before being placed in more advanced training for eventual assignment as jet, propeller or helicopter pilots in the fleet. Requiring aviators to accept an additional two years of obligation to enter jet training would actually extend their overall commitment by two and a half years because jet training is about six months longer than the propeller/helicopter pipelines. The jet pipeline is also more demanding and carries a higher risk of attrition. We are concerned that the combination of increased obligation and higher risk associated with jets will have a negative effect on the quantity and/or quality of those entering the jet pipeline.

Raising the MSR for Naval Flight Officers (NFOs) to seven

years will lead to different, but no less serious, problems. In November 1988, Navy finished a study of NFO MSR similar to the pilot study I mentioned earlier. The NFO study concluded that the optimum MSR for NFOs is 4 years. Consequently, in January 1989, we reduced the MSR for NFOs with Reserve commissions from six years to four years active duty followed by two years in the Drilling Reserve Force. The MSR for NFOs with Regular commissions was kept at six years in recognition of the investment we had made in their education at the Naval Academy and ROTC. The reduction in Reserve NFO MSR was necessary in view of end strength considerations. Aggregate retention of NFOs has historically exceeded requirements. High NFO retention also makes it difficult to man billets in the Reserves. This is one of the factors that led us to a shorter MSR for USNR NFOs compared to their USN peers. Without some means of controlling inventory, high retention would eventually cause the inventory of NFOs to exceed requirements and end strength caps. MSR is a key mechanism for balancing this equation. Increasing the NFO MSR would inevitably lead to inventory problems which would require drastic, and perhaps painful, solutions. I would very much like to avoid that.

In summary, Navy would prefer that control of MSR be left to the service. We need to retain the flexibility necessary to manage our force efficiently and MSR is a critically important management tool.

REPORT ON AVIATOR ASSIGNMENT POLICIES AND PRACTICES

This section would require the Congressional Budget Office to conduct a comprehensive study of the Services' aviator assignment processes and provide a report to Congress.

I believe such a study is unnecessary. We believe strongly that our assignment system is as fair and as flexible as we can make it, given our present situation of pilot shortages. The checks and balances inherent in the assignment process serve to maintain an equitable balance between the needs of the Navy and the preferences of our officers. Furthermore, the fairness and responsiveness of the assignment system is under continual close scrutiny by the highest levels of the Navy's chain of command.

It is a system that must be managed and changed, when necessary, by those accountable for its results.

SUMMARY

In conclusion, Mr. Chairman, I would like to reiterate that the Navy wholeheartedly supports the proposal to extend the aviator retention bonus authority. We look forward to working with your staff to refine other sections of the bill and we are confident that we can reach solutions that will meet the goals of Congress and the needs of the Navy.

Thank you for this opportunity to express Navy's views on this critically important issue. I would be most pleased to answer any questions that you or the members of the Subcommittee may have.

Senator GLENN. Thank you. Just another comment before we move on to General Hudson.

I also wanted to give credit to Ken Johnson, Tony Cordesman and Rocky Rossacker on Senator McCain's staff who also worked on this. You mentioned Phil and Fred behind me here. But this is a product of a lot of people working together. I want to give credit to them also on this.

General Hudson.

STATEMENT OF LT. GEN. JOHN I. HUDSON, DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS

General HUDSON. Thank you, Mr. Chairman and Senator McCain. It is an honor for me to appear before you to present the Marine Corps' position on the Aviation Career Improvement Act of 1989.

The Commandant and I commend the Congress' efforts to halt the progressive growth of the pilot retention problem by attacking it head on and repairing it from the ground up. My written statement contains the details on our views on this important draft legislation. I will only highlight a few in my oral testimony.

In preparation for this hearing and within the past 3 weeks, I have personally spoken with over 600 Marine Corps aviators from every Marine Corps Air Station in the United States and at all but one of the Naval Air Training Command sites. I look forward to sharing my observations and the results of the survey I conducted on these visits with you.

The aviators I spoke with were company grade aviators for the most part and had a lot to say about retention, flying, and military life. One message that came across loud and clear was that professional job satisfaction, the challenges and rewards of tactical flying and esprit de corps are clearly the primary career incentives for Marine Corps aviators. It was that way at the time I pinned these

wings on nearly 35 years ago, sir, and I am heartened by the reminder from the marines that I spoke with over the past month that it is still that way.

By and large, marines don't fly for the money, but they believe they are under-compensated when they compare benefits offered by the airlines and the implementation of the enhanced bonus program for Navy and Air Force pilots. This has produced a growing sense of frustration within our pilot ranks.

As of October 1, 1988, we have developed a problem and are now short 139 company grade aviators. Although that equates to only 5 percent of the total company grade requirement, we are troubled by this development. Our ability to influence pilot retention is diminishing and our current pilot retention rates will not sustain our pilot force requirements. We must send a positive signal to our pilots now or we can expect our retention problems to increase.

The Marine Corps is hopeful that we will not need to establish a targeted aviator bonus program. However, if we are smart, we will keep our options open, and I request that any legislation with respect to aviator bonuses not preclude Marine Corps participation. In addition, if we need to pay aviator bonuses, I will ask for your support when we seek the necessary additional funds to implement that program.

While strongly supporting the intent of the act, we are concerned about several of the provisions. First, increasing the first ACIP gate requirement from 6 to 9 years of operational flying may be counterproductive to retention of some of our most qualified aviators. Our aviators currently average 10.9 years of operational flying at the 12-year gate. The majority of our aviators are already meeting the intent of this provision and we do not expect that to change in the future.

We know there are some aviators who may be unable to meet the 9-year gate if they attend a military school and then serve in non-flying positions. These include Officer Selection Officers and recruiters, Marine Officer Instructors, and instructors at The Basic School and future program acquisition managers. And all of these, sir, require aviation expertise or role models. We consider each of these examples that I have cited, sir, valid Marine Corps requirements.

We consider this provision unnecessary and potentially harmful to some of our bright, young aviators. We urge the Congress to reconsider the need for this provision.

A second concern regarding the ACIP gates criteria is the absence of a grandfathering provision. We urge the Congress to provide a safeguard within any change to the current ACIP gates criteria to protect those few aviators who might be hurt by this provision.

We find it difficult to support the provision to reduce the number of non-operational flying duty positions by 5 percent. We have to assign aviators to our Marine divisions to ensure the coordination and control essential to the success of our air-ground team in combat. Many of the other non-flying positions are for aviation planners and it would be a disservice to our CINCs to assign a non-aviation officer to these positions.

As for the aviators that we assign to positions that do not specifically require aviation expertise, they only comprise 4.6 percent of the total number of aviator billets. We believe our record supports our request to continue to manage the assignments of aviators to these non-operational flying duty positions within the context of current laws and policies.

We are very concerned about the proposal to increase the minimum service obligation for jet pilots to 9 years and for all other pilots and naval flight officers to 7 years. The service differences in time to train pilots; plus, in the case of the Marine Corps, the basic officer training that all of our aviators attend prior to flight training, would result in nearly a year of difference in total active duty served. It is ironic that Marine Corps jet pilots would end up having the longest active duty service obligation of any service even though the Marine Corps has the smallest jet pilot retention problem at this time.

We are also very concerned about the future ability to attract the same high-quality of aviation candidates that we currently access. In my opinion, it is unrealistic for us to expect a 20 or 22 year old to commit to a minimum service requirement that will require him to serve on active duty for more than 11 years before he really knows what he is getting into.

The proposed statute differentiates between jet and all other pilots' minimum service obligations and would be a disincentive to those pilot trainees considering jet training. Marine pilots cannot select jet or helo training until after completing the primary flight training syllabus. The current service obligation is identical for jet and helo pilots and is not a factor in their selection considerations. However, the proposed 9 and 7-year obligations, we think would be a factor. If sufficient student pilots did not select jet training in the future, the Marine Corps would be forced to send student pilots to jet training and force them to accept longer obligations.

The longer minimum service requirement will carry a disproportionate number of jet pilots to the major's promotion flow point. This will result in massive shifts in the aviation officer grade structure to an even more senior force in order to adjust for the longer obligation, and would require significantly harsher promotion constraints for the jet pilots to balance the total officer force.

In addition, I believe that vast differences in promotion and career opportunity between ground and aviation officers will undermine the cohesiveness and the esprit of the Marine air-ground team.

The doubling of the minimum service obligation for Marine jet pilots will virtually eliminate the supply of company grade jet pilots to the Marine Corps Reserve. This will result in a significant aging of our Reserve pilot force to the point that it will be manned entirely by majors and lieutenant colonels. It is hard for me to imagine the viability of such a Reserve force.

The Marine Corps considers the provision to increase the minimum service requirement for aviators as a negative aspect of this bill. We strongly support retaining the minimum service obligation authority for all Marine officers with the service Secretary. This allows each service to shape its aviator force to its needs.

The present high level of readiness of Marine Corps aviation forces is the result of thoughtful, long-term planning; challenging, realistic training; and vital congressional backing. We ask your continuing support in mutually guiding and protecting the future readiness of Marine Corps aviation.

Thank you, sir.

[The prepared statement of General Hudson follows:]

STATEMENT OF

LIEUTENANT GENERAL JOHN I. HUDSON

UNITED STATES MARINE CORPS

DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS

Mr. Chairman, distinguished members of the Subcommittee:

It is an honor for me to appear before you to present the Marine Corps' position on S. 653, the Aviation Career Improvement Act of 1989.

The Commandant and I commend the Congress' efforts to halt the progressive growth of the pilot retention problem by attacking it head on, and repairing it from the ground up. The Marine Corps strongly supports the provision of the Act that would increase Aviation Career Incentive Pay (ACIP) to the levels specified in the Bill. Together, we must restore the incentive value of ACIP as the primary monetary attraction to a career in military aviation, and ensure this level of incentive value is maintained into the future.

In preparation for this hearing, and within the past three weeks, I have personally spoken with over 600 Marine Corps aviators from every Marine Corps Air Station in the United States, and at all but one of the Naval Air Training Command sites. The aviators I spoke with were company grade aviators and had a lot to say about retention, flying, and military life. One of the messages I brought back was that ACIP is the only aviation career financial incentive that is both well understood by recipients and is equitable for all aviators; pilots and Naval Flight Officers. There are many misconceptions regarding the aviator retention bonus program, and a significant resentment of the fact that aviators performing essentially comparable missions out serving in different services or cockpits receive

different financial incentives. These perceptions are working against our pilot retention. Another message that came across loud and clear was that professional job satisfaction, the challenges and rewards of tactical flying and esprit de corps are clearly the primary career incentives for Marine Corps aviators. Once the pilots I talked with understood the bonus system, they overwhelmingly supported an increase in ACIP as the desired monetary incentive, vice bonuses, which are viewed to be divisive.

The Marine Corps is feeling some negative backlash effects of the bonuses being paid to pilots from other branches of the Armed Forces. Since 1 October 1988, a small shortfall of Marine Corps pilots has slowly developed to the point that we are now short 139 company grade pilots. Although that equates to only 5% of the total company grade pilot requirement, this decline in the pilot inventory is cause for concern. At present retention rates, the shortfall of company grade pilots may increase to 10% of their requirement by the end of this fiscal year. The extent of control once exercised by the Marine Corps over pilot retention is diminishing, and our current pilot retention rates will not sustain our pilot force requirements. We must provide a positive retention signal to Marine Corps aviators now, or we can expect these retention problems to continue.

The Marine Corps clearly prefers the more positive and equitable retention benefits of increasing ACIP over the divisive aspects of targeted bonuses. We anticipate a very positive reaction to the proposed ACIP increases. This may reduce or eliminate our need to establish an aviator bonus program. However, prudence also dictates that we maintain the option of a bonus program, and I request that any legislation with respect to aviator bonuses not preclude participation by the Marine Corps.

In both cases, we will ask for your support as we seek the necessary additional funds to implement these crucial aspects of the Act.

We also support the provision that would establish a one hundred-thousand dollar insurance benefit for aviators killed while conducting operational and training flights during peacetime, at no cost to the aviator. This provision further recognizes the additional hazards inherent in peacetime flying, and underscores our concern and commitment to our aviators and their families. I would also ask that the legislation reflect the need to include our enlisted aviation crew members in this provision of the Bill. They share identical risks with our aviators.

The Marine Corps will gladly provide any assistance to study further the national shortage of aviators, should the President commission this project. We echo the concerns expressed by the DoD Aviator Retention Study with respect to the extent of this very serious and long term pilot retention problem.

Each of these provisions provide very positive influences for the future career decisions of Marine Corps aviators. Although we cannot compete on an even scale with the potential financial benefits of the airlines, the monetary incentive improvements presented in this Bill, coupled with the challenges and rewards of tactical military flying, could tip the retention scales back in our favor.

The Marine Corps does not object to the provision that would require the Congressional Budget Office to conduct a comprehensive study of the Services' aviator assignment processes, and to provide a report to the Congress. We believe our assignment

policies and practices already effectively provide balance for the assignment desires of our aviators while satisfying the operational needs of the Marine Corps. If we can improve our practices and still provide that balance, we'd welcome suggestions to help us move in that direction.

The Marine Corps views the following provisions of the Act with concern because of the anticipated negative affects on our future ability to attract, manage and retain Marine Corps aviators:

Aviation Career Incentive Pay: Entitlement Requirements

The inflexibility imposed by the provision to increase the first ACIP gate requirement from 6 to 9 years of operational flying to meet the 12 year gate, may be counterproductive to retention of some of our best qualified aviators. The DoD Aviator Retention Study showed that Marine Corps aviators currently average 10.9 years of operational flying at the 12 year gate. We believe the intent of this provision in the Bill is already being met by the majority of our aviators, and do not expect that will change in the future. Our concerns rest in the impact of this provision on those aviators that may be unable to meet the 9 year gate if they attend a military school and then serve in non-flying positions. These include; Officer Selection Officers and Recruiters, who provide the necessary aviation presence in the accession field; Marine Officer Instructors who provide Marine Corps aviation instruction as NROTC staff members at various colleges; those that we are training to become future program acquisition managers by assigning them to technical schools and then requiring them to serve alternating tours in operational flying and in acquisition staff positions; and those aviators that request to participate in one of the specialized

education programs, a highly valued career incentive by the select group of aviators chosen to attend these programs. All of the above positions fulfill valid Marine Corps requirements.

Why penalize any of these aviators by further restricting their career choices and adding undue apprehension about their ability to receive continuous ACIP payments? The point being, the majority of Marine Corps aviators already follow a very flying intensive career track for the first 12 years of aviation service. The Marine Corps considers this provision as unnecessary and potentially harmful to some of our brightest young aviators, while providing no real benefit to any of our aviators. We urge the Congress to reconsider the need for a provision that would alter the ACIP gates criteria, or to at least decrease the 9 of 12 gate requirement to read 7 of the first 12 years.

The Marine Corps does not see the need to revise the second ACIP gate, again, primarily because the majority of our aviators already exceed the current and proposed gate requirements at the 18 year point. We are very sensitive to the flying requirements of our aviators and believe we have been able to provide a reasonable balance in the mix of their flying versus non-flying assignments.

Of additional concern regarding the ACIP gates criteria, is the absence of a grandfathering provision that would protect the few Marine Corps aviators that have already met the first ACIP gate under the current statute, but would not satisfy the increased requirement upon implementation of the Act. Our initial analysis shows there are 55 Marine Corps aviators who are subject to this pitfall. We urge the Congress to provide a safeguard within any proposed change to the current ACIP gates

criteria to protect these aviators from the ill effects of this provision.

Reduction in Non-operational Flying Duty Positions

The Marine Corps finds it difficult to support the provision to reduce the number of nonoperational flying duty positions by 5 percent for all services. Nonoperational flying duty positions fall into two distinct categories; those non-flying positions that specifically require the expertise of an aviator, and the non-flying positions that do not necessarily require the skills of an aviator, but are valid requirements for an officer and are filled by a small portion of our aviators.

The first category includes such positions as the Forward Air Controllers we assign to Marine Divisions to control air missions in direct support of our Infantry Battalions. We stand firmly behind our requirement to provide the expertise of an aviator in these critical assignments to ensure the coordination and control essential to the success of our air-ground team in combat. The majority of our company grade aviators serving in operational non-flying positions, are assigned to this type of duty. Other good examples of this category are the aviation planners in joint or service headquarters positions. These also require the experience and knowledge that is specific to aviators, and it would be a disservice to the warfighting commanders to assign a non-aviation officer to these positions. The Marine Corps considers our assignment requirements for the first category to be valid and low in numbers already.

A key consideration in the assignment of aviators to the second category are the time proven benefits of providing professional growth opportunities for our future aviation

commanders. Another important aspect that we ask the Congress to consider is the fact that the Marine Corps' percentage of requirements for the second category is already remarkably small. The DoD Aviator Retention Study clearly showed that they comprise only 4.6% of the total number of Marine aviator billets. We believe our record supports our request to continue to manage the assignments of aviators to these nonoperational flying duty positions within the context of current laws and policies.

Minimum Service Requirements

The Marine Corps views the proposal to increase significantly the minimum service obligations, for jet pilots to 9 years and for all other pilots and Naval Flight Officers to 7 years, with grave concern.

The establishment of common minimum service obligations for aviators of all services will result in equal service after designation but does not equate to an equal amount of active duty served until the obligation ends. The Service differences in the time to train pilots: plus, in the case of the Marine Corps, the basic officer training that all of our aviators attend prior to flight training, would result in more than a year of difference in total active duty served. Ironically, Marine Corps jet pilots would end up having the longest active duty service obligation of any service, even though the Marine Corps has the smallest pilot retention problem. Marine Corps jet pilots would serve for over 11 years while pilots from other Services would serve for only 10 years. We are very concerned about our future ability to attract the same high quality of aviation candidates that we currently access. In my opinion, it is unrealistic for us to expect a 20 - 22 year old to commit to a minimum service requirement that will require him to serve on active duty for

more than 11 years before he can make a career decision. We must not legislate a provision that seeks to improve the inventory management capabilities for our mid career aviators, which, at the same time, impairs our ability to replenish that inventory.

Extending the service obligations to the proposed times will carry every Marine jet pilot into the all-career force/field grades. This totally eliminates most of the Marine Corps' options to shape and manage this inventory prior to this career point. This also moves the separation "decision window" into the field grade years of service and shifts the inevitable attrition into an unfamiliar, and virtually unknown realm. An assumption that post-obligation attrition will be constrained, as a result of the length of time already served, carries a great deal of risk. The Marine Corps' management tools of augmentation and active duty service extensions are just two of the ways that we have succeeded in matching our inventory of pilots to the requirement.

The proposed statute to differentiate between jet and all other pilots minimum service obligations would be a disincentive to those pilot trainees considering jet training. Marine pilots are accessed to be generic student pilots and cannot select jet or helo training until after completing the primary flight training syllabus. The current service obligation is the same for jet and helo pilots and is not a factor in their selection considerations; however, the proposed 9 and 7 year obligations will be a factor. If sufficient student pilots do not select jet training in the future, the Marine Corps will be forced to send student pilots to jet training, and to force them to accept longer obligations. This raises a legal question that is yet to be resolved.

The nine year service obligation will carry all Marine jet

pilots beyond the DOPMA promotion flow point guidelines for major (10 +/- 1). All other Marine officers (the majority of the officer corps) would not have the same opportunity to become eligible for promotion. However, this is a double edged sword for the jet pilots. The longer obligation will carry a disproportionate number of jet pilots to the major's promotion flow point. This will require massive shifts in the aviation officer grade structure to an even more senior force in order to adjust for the longer obligation. This will also force the Marine Corps to adopt a policy of promoting by combat specialties vice the current policy of selecting the best qualified officer, and would require significantly harsher promotion constraints for the jet pilots in order to balance the total officer force. The vast differences in promotion and career opportunity between ground and aviation officers will serve as a career disincentive and will undermine the cohesiveness and esprit of the Marine air-ground team.

Longer minimum service obligations will definitely enhance the attractiveness of alternative civilian career options for the shrinking population of potential military pilots. In particular, the college level pilot training programs, already established by 3 of the major airlines, will benefit at the expense of the Marine Corps' recruiting programs and readiness.

The doubling of the jet pilot minimum service obligation for Marines will eliminate the flow of company grade jet pilots to the Marine Corps Reserve. Since all Marine Reserve pilots must first serve in the active Marine Corps, this will result in a significant aging of our Reserve pilot forces to the point that it will be manned entirely by majors and lieutenant colonels. It's hard to imagine the viability of such a reserve force. We

do not know the full impact on the flow of pilots to the Reserves following an increase to a 9 year obligation, but this alone is cause for concern.

The Marine Corps considers the provision to increase the minimum service requirement for aviators as the most potentially harmful aspect of this otherwise very proactive and beneficial Bill. We strongly support retaining the minimum service obligation authority, for all Marine officers, with the Service Secretary. This facilitates the optimum match of minimum service requirements with the unique characteristics and missions of each service, while also affording the desired flexibility to properly exercise this essential management tool.

The present high level of readiness of Marine Corps aviation forces is the result of thoughtful, long-term planning; challenging, realistic training; and vital Congressional backing. We ask your continuing support in mutually guiding and protecting the future readiness of Marine Corps aviation. Thank you.

Senator GLENN. Thank you, all of you. We are willing to hear all of your testimony here, whatever it deals with. We appreciate your frankness, and your opposition.

Let me ask one thing. Were all of your statements cleared with OMB before the hearing?

General JONES. Yes.

General HICKEY. Yes.

General ONO. Yes.

Admiral BOORDA. Yes.

General HUDSON. Yes.

Senator GLENN. That's what I thought. So, we want to remember throughout the hearing, just for everybody else in the room, that we are getting it through the OMB funnel, whatever that means.

General Jones, I wrote to the service Chiefs on March 20 to get their views on the aviator career improvement bill that Senator McCain and I introduced. We had asked that those responses be in on April 3. We understood that those responses were going to be consolidated at your level and sent over to us. We haven't received them yet. What is the status of the responses?

General JONES. We have those in coordination right now. I would hope that within a week we will have everything coordinated. We also intend to incorporate the service responses in the response.

Senator GLENN. Obviously we had hoped to have those before today to add to our information for this hearing. We had understood that that was going to be possible to do, which is the reason we set the April 3 date. It was in coordination with the people over there. So, I was a little disappointed that we haven't received the responses yet.

General, let me go down the list of the basic provisions in the bill that we introduced and—this should be very short—get a yes or no answer, if possible, from you on the Department's position, followed by any reasons you may want to submit.

With regard to ACIP, the aviation career incentive pay, do you support the increase in the rates proposed?

General JONES. I do not.

Senator GLENN. Do you support the increase in required operational flying, 9 of the first 12 and 12 of the first 18, in order to be eligible for continued ACIP?

General JONES. We support gates two and three but not gate one. We would like to see that remain at 6 years.

Senator GLENN. With regard to the retention bonus, do you support extension of the current temporary authority through fiscal year 1992?

General JONES. I do support that, sir.

Senator GLENN. With regard to the reduction in non-operational flying positions, do you support the provision that would require a 2-percent reduction in 1991 and a 3-percent reduction in 1992 if you are unable to justify why these reductions should not be applied?

General JONES. I have no personal objection to that, sir.

Senator GLENN. With regard to the establishment of minimum service obligations, do you support the 9-year active duty service commitment for fixed wing jet pilots after they complete undergraduate pilot training and the 7 years requirement for other aviators?

General JONES. I do not support it totally. I personally can support a portion of that, but the entire package would not be supportable because of the problems such as I earlier mentioned with respect to the commissioned officers of the Army.

Senator GLENN. With regard to the requirement for a DOD proposal to provide $100,000 accidental death insurance for operational flying, do you support that?

General JONES. I do not support it, but suggest an alternative. I would like to see a $100,000 SGLI ceiling. This would benefit all military, including crew members and other people like parachutists, EOD people and others involved in high risk types of duty.

Senator GLENN. With regard to the requirement for the Congressional Budget Office, to review and make recommendations on aviator assignment policies and practices of the services, do you support that provision?

General JONES. We support that provision. We would be delighted to assist in that, sir.

Senator GLENN. Finally, do you support the provision for a Presidential commission to review and report on the national shortage of aviators?

General JONES. Yes, sir. We would be happy to participate in that.

Senator GLENN. General, you indicate that all you need is authority to extend the aviation retention bonus. Yet, analysis I have seen—in fact, the analysis that was sent over to us that DOD did such a great job on indicates this alone is insufficient to correct the retention problem. What statistical evidence do you have which indicates to you that no more needs to be done? And when do you project that the retention problem will be solved by the bonus alone?

General JONES. The bonus alone—we have another package that we're discussing with OMB that would increase the bonus to $20,000 for those less responsive skill areas.

We think that we can probably resolve a little over half of the problem with the existing ACIP and a maximum bonus of $12,000. The remainder of the shortage could be solved if we gave the military department Secretaries the flexibility to pay bonuses of up to $20,000.

So, that is being discussed with OMB. If that bonus increase is supported by our leadership, we will get it over here, sir.

Senator GLENN. Wouldn't this be sort of a floating crap game as to what the target is for the airlines? In other words, it would shuffle from one service to another. What we were trying to do was address this so it took care of the problem once and for all, not set up a situation where one service does one thing and one does another. All you're going to do is set up different target groups for the airlines to shoot at.

General JONES. Part of our rationale for the bonus was that it was the most cost-effective means to achieve retention. We have the same goals in mind of being able to retain aviators. And I certainly agree with you that the airlines can target any specific group and raid that group and hire them away from us if they elect to do it. I don't know that we can prevent that even through the proposed bonus and ACIP program.

Senator GLENN. General Hickey, I believe the Air Force has done an economic analysis of S. 653 and found that a combination of the air crew incentive pay increased proposed in the bill plus the extension of bonus authority would correct the Air Force's projected pilot shortfalls by 1995. Is that correct?

General HICKEY. Having both does put us in a better position. It comes very near to solving it. It is within 400 or so total pilots out of a 22,000 pilot inventory.

Senator GLENN. So, it looked like it was pretty well tailored to your problem. What would be the shortfall without the ACIP increase?

General HICKEY. We currently project that our shortfall by 1994 with the bonus, but with no other help, will still be about 1,000 pilots.

Senator GLENN. So, you will need both even though OMB doesn't approve it. Basically you are going to need both of them to do the job that has to be done. Is that right?

General HICKEY. We clearly need either an increase in the bonus or the combination of it and some other incentive because the current bonus will not solve the problem.

Senator GLENN. Then you are back at $5 million to $6 million to train each pilot coming out.

Whoever the OMB representative in the room is—and I trust they are represented here—it is either pay me now or pay me later as the little ad on TV used to say. I think that is sort of our bottom line on this. Do we want to reduce combat efficiency and do we want to pull back on this $118 million commitment that we will make up with only 21 new services the way we figure it? So, that is what we come down to.

And I think that your study which was done over there was an excellent one, and it showed that basically what we are doing here is what is needed in the Air Force in order that we are not short combat pilots.

Admiral Boorda, will extension of the bonus authority alone correct the Navy's pilot retention problem? If so, when do you project that to occur?

Admiral BOORDA. It would not. We would continue to be in a shortage environment. While our bonus take rates are good—the bonus is doing what it was intended to do—it alone will not solve the problem.

Senator GLENN. If we do not have both, do you have any estimates you can give us on pilot shortages?

Admiral BOORDA. Well, I have to look now at what our experience is versus our analysis, and I would estimate that we will be about 500 or 600 short. But it will be in the key areas that we are concerned about.

Senator GLENN. And what year are we talking about?

Admiral BOORDA. That will be 1994.

Senator GLENN. We are up to what number now? We're about 1,535 or 1,550 short right now?

Admiral BOORDA. Yes, sir, in the 1,500s.

Senator GLENN. If we had both of these programs, you figure you would be 500 short?

Admiral BOORDA. No, sir. If we have both programs, our analysis shows we will solve the problem except in electronic warfare pilots.

Senator GLENN. And that is the 500 you are talking about?

Admiral BOORDA. No, sir. We will solve all the problem except still being short about 10–15 electronic warfare pilots by 1994. That assumes everything else stays constant, and that is probably not a good assumption.

Senator GLENN. Yes.

General Jones, how do you reconcile your position that all you need is extension of the bonus when it is clear that it alone will not correct the pilot retention problem?

General JONES. We thought that increasing the bonus would take care of other shortfalls, sir. By increasing it to $20,000 from $12,000, we would be able to solve the shortages by fiscal year 1994.

Senator GLENN. Service studies, Air Force and Navy, both show that they don't think that is true. Is this the OMB position or DOD position?

General JONES. It's DOD's position, sir. I have not discussed this specific issue with OMB.

Senator GLENN. When will this analysis that you were going to have over to us by April 3 be available?

General JONES. It is at the Secretary of Defense's Office right now for review. We hope to have it out by Friday of this week, sir.

Senator GLENN. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

General Hudson, I understand, and I think clearly the chairman does, that the Marine Corps does have a unique relationship with their aviators. And I understand, for example, the requirement that aviators be forward air controllers.

Do you think that one of the solutions might be to put some people who are in these kinds of critical billets under eligibility for meeting these gates?

General HUDSON. To meet the gate problem that I talked about?

Senator MCCAIN. Yes.

General HUDSON. If we had a waiver for some of those aviators. When I asked my manpower assignment people what the 9 years would do to us, they figured that we could live with 7 or possibly even with 8. We could give 8 a try. But they believed that we would have a significant problem with the number of 9. As I said, our average is 10½ now.

Senator MCCAIN. Well, I think it would be helpful if perhaps you would consider recommending to this committee certain billets, such as forward air controllers, that might by nature of their count as being part of the eligibility of that gate. I would certainly consider such a proposal.

I am not sure I understand your problem with the Reserves being manned by majors and lieutenant colonels. That happens over time anyway, doesn't it?

General HUDSON. Well, sir, the input to our Reserve squadrons is from those individuals who leave active duty as company grades primarily. We wouldn't have any individuals leaving active duty as company grades, unless they were passed over captain for major. They would be to and past the flow point with a 9-year active duty service obligation, 6 months of The Basic School and about a year and a half plus of flight training. So, we wouldn't have the source.

Senator MCCAIN. I understand, but I'm not sure how you ever get around that if you increase obligated time, very frankly.

Admiral Boorda and General Hickey, do any of your pilots have trouble particularly with this in the gates? Will you have trouble meeting the Goldwater-Nichols requirements for joint service?

Admiral BOORDA. Right off the bat, we will have slightly under 200 people who will be disenfranchised. If you did this—and we don't recommend you do—we would need to take care of them.

Our people leave the Navy with the number one reason not being I don't fly enough, I don't get paid enough. It is family separation.

Senator MCCAIN. Let me interrupt a second. My question is meeting Goldwater-Nichols.

Admiral BOORDA. We would not be able to send anyone to joint professional military education and to the mandated 3-year tour under Goldwater-Nichols before the 12th year because if we did

that, that person would miss the gate. We simply could not do that. No aviator could do that.

Senator McCAIN. General Hickey.

General HICKEY. We would have a similar restriction. We average better than 9 now, and for the general force, we could make 9. But there are some unique small numbers, probably less than 200 per year, that we put into, for instance, aviator presence at our academy, which places them in the same bind. If you put in a 3-year tour, which is the minimum type of PCS move, we like to make, then that poor aviator who we have put there—and not necessarily by his choice, but ours because we need him there—cannot afford to hiccup for the rest of that 12 years. He certainly could not go to school, nor could he go to Goldwater-Nichols.

I believe that within the Air Force, we can make the Goldwater-Nichols requirements subsequent to meeting the gates. I am concerned about the small number that give us no flexibility. We will try and work it, but it would certainly be helpful in the Air Force's view if that was even just lowered to 8 years, that that would give us the ability to manage the force a little bit better.

But I am more concerned along the lines of the 1,600 to 1,700 aviators that we have in the Air Force that would currently be jeopardized and lose their flight pay if this were not grandfathered. And what I would suggest to solve the problem for us is, if they have met the gate under the current rules—their first gate, for instance—it would be allowed to stand. We then would guarantee you that we will meet all the subsequent gates under the new rules. So, you would only grandfather him for whatever gate period they are in, and then we will recover them downstream. We wouldn't ask for a permanent waiver for those.

Senator McCAIN. I understand that, and I think obviously this committee would want to take that into consideration. We wouldn't want to, after the fact, try to penalize anybody who was operating under different guidelines.

But back to Goldwater-Nichols a second. If I understand you right, you are saying to me that we would not start fulfilling the requirements of Goldwater-Nichols until after a person had been in for 12 years. Is that right?

General HICKEY. Well, certainly not until they had 9 years of their aviator duty under their belt. So, it could be as early as 10 years if everything worked perfectly and they had constant flight duties.

It just squeezes our flexibility, and we have to be much more careful with the Goldwater-Nichols requirements. And as I say, I think right now we could probably handle it, but it is going to be a definite challenge to do so.

Admiral BOORDA. If I might add. We have looked at this very carefully. If you look at the labyrinth of rules in Goldwater-Nichols about sequence of training and tour lengths and you overlaid the gate with no flexibility on top of it, I think really what I would be doing would be taking aviators out of joint duty until they have gotten through the gate. And that would be at about the 12th year. Actually it would be the 13th because if they were a good aviator, I would want to put them in their department head tour.

And so, the bottom line is that I would be filling all the joint jobs of Goldwater-Nichols with surface officers.

Senator McCAIN. Admiral Boorda, does the Naval Academy duty count as joint service?

Admiral BOORDA. No, sir, it doesn't.

Senator McCAIN. So, if someone were required to meet these gates and also meet the Goldwater-Nichols requirements, it would be almost impossible to serve at one of the service academies. Is that accurate?

Admiral BOORDA. That's true, also recruiting, also lots of other places where we do need some aviator presence.

Senator McCAIN. How do you account for the shortfall that you mentioned in your written statement, both ROTC and the Naval Academy, as far as recruiting naval aviators is concerned?

Admiral BOORDA. At the Naval Academy, we did not have, in my opinion, enough presence of lieutenant and lieutenant commander aviators to set an example to motivate. Now, we tried to overcome that by lots of visits and other things, but basically we need people. We are so short, we need people in the training command and elsewhere. Of all our ensign through lieutenant commanders, we have only 5.6 percent of those people that aren't flying an airplane someplace right now. So, it is presence.

The second thing, we just went to 7 years for our obligation, and the students tell us in NROTC and at the academy that that made a difference, that the 9-year commitment—and it is a 9-year commitment because of flight training—is more than some of them were willing to commit to this early in their careers.

Senator McCAIN. Do you find that to be the case, General Hickey, also at the Air Force Academy?

General HICKEY. Yes, sir. I think we gained some insight because when we increased our active duty service commitment to 8 years, we did it on very short notice. When we made the decision, we implemented it about 8 or 10 months later with those entries. What we did is catch cadets in their third year at the academy and then did the same thing with ROTC. And what we got was a negative dip which seems to have corrected itself after the initial class went through the change.

I would suggest that if you are going to make a significant change in active duty service commitment, then the committee may want to put it in law so it phases in over a couple of years—maybe implement it in 1991 or 1992 so all entries after that time would be concurrently affected. This gives them 2 to 3 years to react to the change and know that they have that commitment. From this standpoint, I think it will be much more acceptable.

As we were looking—and we have done some extensive analysis in the Air Force at looking at a 10-year active duty service commitment—that was one of our concerns.

And I must also say, we ran into the same concern that General Hudson did on our Reserve components because both of them became concerned that they would get pilots only after 11 or 12 years of service, and the age was higher than they would prefer, and the rank would give them some problems. How serious that is I don't know, but we shared that same kind of an experience.

Senator McCAIN. Perhaps, Admiral Boorda, we can secure copies of Top Gun to be shown nightly at the Naval Academy. [Laughter.]

How many tactical carrier experienced naval aviators are stationed at the Naval Academy?

Admiral BOORDA. I can't give you an exact number. We don't have any company officers.

Senator McCAIN. You don't have any company officers.

Admiral BOORDA. No, sir, but we just assigned the Commandant, Joe Prueher, a one star selectee. He just came from his CAG tour, and I think that is going to help us turn this around. It is not going to make the obligation——

Senator McCAIN. Do you have any instructors?

Admiral BOORDA. Yes, sir, we do. There are 3 tactical carrier group-experienced pilots serving at the Academy, not including the Commandant of Midshipmen, who carries that qualification. Of the 3, 2 are instructors; 1 is a staff officer. In addition, there are 12 tactical carrier group experienced Naval Flight Officers serving at Annapolis: 5 instructors, 3 company officers, and 4 staff officers.

Senator McCAIN. Isn't it true that you have to send the intructors to a couple of years of school to qualify them to be an instructor, and then there's a 3-year tour following that?

Admiral BOORDA. No, sir, only in very special cases would we do that.

Senator McCAIN. How long is the tour at the Naval Academy normally for an instructor?

Admiral BOORDA. It's 2 or 3 years depending on the individual.

Senator McCAIN. And that doesn't count as far as Goldwater-Nichols is concerned.

Admiral BOORDA. It counts for nothing.

Senator McCAIN. It counts for something.

Admiral BOORDA. Well, it counts for—it doesn't count for his gate. It doesn't count for Goldwater-Nichols. It counts for doing a good job in a tough place, but that's it.

Senator McCAIN. So, it is obviously not career enhancing for an Air Force or Navy tactical aviator to serve at the service academies. Is that right, General Hickey?

General HICKEY. I wouldn't put such a black hat on the duty. I think the duty is enhancing to the individual and gives them leadership opportunities that they wouldn't have in an operational squadron working with young cadets. In terms of their internal Air Force career, I think it is probably more plus than negative.

But you are exactly right. It does not contribute anything to getting a joint duty assignment out of the way making the other kinds of progress towards maintaining his flight pay.

General JONES. Senator McCain, could I make one more comment?

Senator McCAIN. Of course.

General JONES. The Congress is putting a lot of emphasis on materiel acquisition, getting the problem squared away. And this is going to be another bleed-off of these types of people where we need good quality, competent aviators serving in material acquisition management roles. So, even though we could possibly get a credit for exempting them from joint duty under the technical and scientific provisions of Goldwater-Nichols, it certainly is going to

take them out of the cockpits. But people who do the requirements documents and monitor the procurement of the equipment must be quality people.

Senator McCain. Thank you, General. Of course, we are always frustrated by the handcuffs that are placed on you by the Office of Management and Budget. Frankly, I am very sorry to see you have to come up and have a statement dictated by OMB basically that says that we couldn't support these proposals even though they cost more money to retain our most valuable commodity.

There is a vote on the floor, and we will stand in a brief recess. Senator Glenn should be back here in just a few minutes, and we have a vote. The committee will stand in recess for just a few minutes.

[Recess.]

Senator Glenn. Sorry for the interruption, but when we have votes like this, why, it makes a rather truncated hearing. We apologize for that, but it is unavoidable.

We are being joined by our distinguished ranking minoirty member of the parent committee. Senator Warner, I don't know whether you had any remarks you wanted to make.

Senator Warner. Not at this time.

Senator Glenn. General Jones, although the bill requires the Department of Defense to submit a legislative proposal for a no-cost accident insurance program to cover aviators while they are performing operational flying, there is no prohibition of submitting an alternative proposal as well. We are open for suggestions.

Basically, why are you opposed to that provision especially since military aviation is hazardous? Reportedly 138 major accidents killing 139 people for the 12 months ending November 30 last year. Why is there opposition to this?

General Jones. The only opposition is because it didn't cover other people such as the air crews, people who conduct parachute operations, explosive ordnance people, and other high risk occupations.

Senator Glenn. You indicate that establishment of the minimum service obligations in the bill, 9 years for fixed wing jet pilots, 7 years for all other aviators, would hurt recruiting. Do you have any empirical evidence to support that? I haven't seen a single study that would support that notion.

General Jones. Not at this point, sir. I think we will have to look over time, and see what the reaction is to that. The one example I cited at Auburn University is the first reaction; I know of and then there was the Naval Academy's reaction to not filling the aviation quota.

We currently don't have a study that clearly proved there would be a problem.

Senator Glenn. Does anybody else have evidence showing that when you put an increased retention requirement on for pilots that it hurt the quality for the numbers of people coming in?

Admiral Boorda. We can tell you that it hurts the number, Senator, because this year we went from—in the last 2 years we went from 5 to 6, and then this year from 6 to 7. And we got a decreased number with people telling us that was the reason at both the Naval Academy and NROTC. It stands to reason if that is true—

and obviously, that is not very scientific—that going to 9 is going to have that same reaction.

Senator GLENN. One of the arguments that you raise against the minimum service obligation provision is that it would be difficult to recruit Naval Academy graduates into flying. Now, the Naval Academy exists, as far as I'm concerned, to produce career-oriented officers. It doesn't work out that way a lot of the time. People put their minimum requirement in and split. But that is why the graduates get a regular appointment when they come out of the academy.

One way to solve this and other concerns of recruiting Naval Academy graduates for aviation and for nuclear duty would be to extend the 5-year active duty requirement to 8 years or longer. What would be your objection to that?

Admiral BOORDA. I hadn't really thought about going to 8 years or longer for everyone. I think there is some limit to what you ask a 20 or 21 year old, or in this case a 17 year old, to sign up to at that point in his or her life. I think we do have to consider that.

Senator GLENN. Well, I agree with that, but there is a limit to what the people of the United States should put forward as far as giving one of the finest educations in the world to our young people and not expect to get more out of them.

What percent of Naval Academy graduates serve careers, full careers?

Admiral BOORDA. We're running about 45 to 50 percent. We are doing better for Naval Academy than for other sources—quite a bit better. We have good overall officer retention in the Navy.

Senator GLENN. What is the figure on the Air Force Academy, General Hickey?

General HICKEY. Ours is a little bit higher. It runs about 50 to 51 percent. But that is skewed again by the makeup of the force. We find when we look at year groups by retention or by sources of commission, and if you break it down by pilot, navigator and nonrated categories, the pilots always have a low retention rate because we have a pilot retention problem. And, since about two-thirds of our graduates from the Air Force Academy become pilots, right now they are suffering from having a low pilot retention problem, that makes the academy numbers lower than they proviously have been.

Senator WARNER. Mr. Chairman, could I rephrase your question, which was a good one? At the conclusion of the obligated service at the Naval Academy, what percentage then go for a second tour or continue?

Admiral BOORDA. We don't keep numbers quite that way, since we are interested in retention for a few years after the officers' end of obligation. To really get at this pattern, we look at the cumulative retention pattern for years 6 through 11; in other words, the probability that one entering the 6th year will complete the 11th year. When we average this cumulative 6 through 11 year retention rate from 1980 through 1988, we find that the retention of Academy graduates is 50 percent—in other words, half would remain to the 11th year. The corresponding numbers for Naval ROTC and Aviation Officer Candidate School are 41 and 36 percent

respectively. We get greater retention from the Naval Academy graduates.

Senator WARNER. If you put across the board obligatory service for all specialties, you run up against a pretty good figure there.

Senator GLENN. General, what is the West Point figure? How many of them make a career?

General ONO. Sir, it is in the high 40 percent. I don't have the exact number.

Senator GLENN. So, you are all roughly the same, high 40 or low 50. Plus or minus a little on 50 percent actually serve out a full career. But full career you said was only 12 by your figures? I'm talking about serving at least 20.

Admiral BOORDA. No, sir. I'm talking about going all the way. But once we get an officer to the 12th, 13th, 14th, year, they go all the way—most people.

Senator GLENN. Would that be the same in the Army?

General ONO. Yes, sir.

Senator GLENN. Same in the Air Force?

General HICKEY. Yes, sir.

Senator MCCAIN. May I interject there? I was told that there is a significant decline in retention of some of the Air Force Academy graduates in recent years. Is that true, General Hickey?

General HICKEY. Yes, sir. As I explained to Senator Glenn, because such a high proportion of them are pilots, they are suffering the same pilot retention problems the other commissioning sources are. And in the current environment, being a pilot has much more of an impact or retenion than does source of commission.

Senator MCCAIN. I see.

General HICKEY. So, since so many of them are pilots, they are suffering right now.

Senator MCCAIN. Thank you.

Senator GLENN. But, Admiral Boorda, do you think that the increased requirement beyond the 5 after graduation from the Naval Academy—will be viewed as a break point as to whether they are going to make a career out of it or not? They do their 5, and then that is sort of the decision point?

Admiral BOORDA. No, sir. Most people stay a little past that even if they are getting out, and that was what I was trying to tell you.

We have good retention in the surface warfare officer community. Thanks to what you did last year, we have better retention in the submarine community. And really, our retention statistics are being skewed by pilots now.

Senator GLENN. General Jones, I am a little bit uncertain about your argument against increasing the gate requirements to be eligible for continuous ACIP. The DOD aviator study that we received from DOD indicates that none of the services should have any trouble meeting the higher gate requirements, 9 of the first 12 and 12 of the first 18, in operational flying.

Do you have any statistical analysis to support your argument that the increased gate requirements would be overly restrictive?

General JONES. I don't have a specific analysis to indicate that, but having spent quite a bit of time in the personnel business, I would underscore my earlier comment about being officers first and aviators second. If you consider the officers' schooling subse-

quent to flight training, and add on to that any requirement to serve in non-flying duties, such as a faculty member at a service academy, you can see where one might become disqualified for flight pay if the standard were raised.

Primarily the problem is in the Army, and then only with commissioned officers—not warrants. I believe that the Air Force and the Navy, whose careers are more consistently aviation-related could come much closer to meeting that. But I think the Marine Corps and the Army commissioned side, has a difficulty meeting that, sir.

Again, warrant officers can meet the gates with no difficulty. And the second and third gates, no difficulty. Army commissioned aviators will have difficulty meeting both the 12 and 18-year gates.

Senator GLENN. You say that an increase in bonus authority $20,000 would solve the problem. Are you certain of this? I haven't seen any analysis. I would like to see the analysis of the problem being solved under your proposal. Do you have any estimates on that?

General JONES. I don't have any estimates. We are looking at the take rates right now for the $12,000. We think it is very, very favorable. And as I mentioned, the two specialties in the Navy and a couple of the year groups in the Air Force are not responding as favorably as we would like. And we believe, even though we haven't had the bonus in effect a sufficient time to make that judgment yet, that the $20,000 increase would help acquire some of those additional contracts that we need, sir.

Senator GLENN. Do we have any estimates of what that would cost compared to the cost that we have of $118 million?

General JONES. I think that the current ACIP program, coupled with a bonus authority of up to $20,000, would be a little bit cheaper than going with the bill that you mentioned. In the Navy, for example, the increased bonus would elevate their bonus investment from about $30 million to about $40 million. Alternatively, we could leave the bonus at $30 million and raise ACIP by the amount suggested in the bill—about $25 million. Either approach can produce similar retention. But I think that caution is in order—we're beginning to see frustration rise, perhaps geometrically, on the part of those not receiving the bonus. This suggests that the efficiency of the two programs will approach parity, over time. There is not a lot of offset in this single service illustration—about $15 million difference in the two programs. So, there's not a lot of savings.

Senator GLENN. Did you run your program through OMB to get its critique on that one also?

General JONES. I ran my statement through. But they haven't seen those cost figures.

Senator GLENN. We are talking now about which program would be more effective. I think you have all basically agreed that the dual track that we have approached here would work. It would be effective, and we are talking about basically the same cost.

General JONES. They are very close. If you look at retention only, probably bonus is the most cost-effective. I think the two have to complement each other, through, sir. There has to be a combination of bonus and ACIP to achieve the desired goals.

Senator GLENN. As I said before, I presume we have an OMB representative monitoring things here today. So, take that little message back when you plug your figures in over there too, that the two programs we are proposing are the same in cost, and ours, everybody agrees, would probably do the job.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

General Hickey, just to follow up what we were talking about before, two-thirds of the graduates of the Air Force Academy become pilots. Is that accurate?

General HICKEY. Yes, sir, about 65 percent roughly.

Senator MCCAIN. What percentage of those are we losing?

General HICKEY. The percentage by commissioning source—and I'm trying to recall what those specifically were—are probably 2 to 3 percent higher than pilots across the board. But our pilot retention across the board is now down below 40 percent. So, I would submit that it is probably 42 or 43 percent for an academy graduate right now.

Senator MCCAIN. That chooses to become a pilot.

General HICKEY. That chooses to become a pilot, and he is in his 7th, 8th, 9th year at the present time.

Senator MCCAIN. Your retention is around 58 percent?

General HICKEY. Retention is about 50, 51 percent for the total academy through 11 years.

Senator GLENN. The 42 percent would be——

General HICKEY. Forty-two percent are academy pilots.

Senator GLENN. It would be 42 percent of your 65 percent.

General HICKEY. That's true.

Senator MCCAIN. I guess what I am trying to get at is are you losing more of those that go into pilots as those who go into other——

General HICKEY. Oh, absolutely. But that is the problem that we have. It doesn't make any difference what commissioning source you have. We have a pilot retention problem, and we are losing pilots.

Senator MCCAIN. And what I am asking is I thought you gave me the overall percentage of Air Force Academy graduates that you are losing. I'm asking for the percentage that you are losing that choose to be pilots.

General HICKEY. Yes, sir. The overall academy retention rate is about 51 or 52 percent that stay for careers. Of those academy graduates who are pilots, it is about 42 or 43 percent, somewhere in the low 40s.

Senator MCCAIN. About eight points less.

General HICKEY. Yes, sir.

Senator MCCAIN. I see. Thank you.

General HICKEY. It is still higher than pilots from any other commissioning category, but it is significantly less, and it draws it down from non-rated or other career fields than from the academy.

Senator MCCAIN. General, I think you are to be commended to try and reach some form of agreement with the airlines to limit hiring of active duty pilots. Can you tell us a little bit about that and what your recommendations are and what degree of success you have had?

General HICKEY. We have had very little success in talking the airlines out of coming after our 6-, 7-, 8-, 9-year pilots. We have worked at trying to make some kind of an arrangement with the airlines in which they would concentrate on hiring more 20 and 21 year retirees, and they are interested in that. And we have been working with those people.

We don't have a formal arrangement. I'm not sure we will need a formal arrangement as long as we have an understanding that a pilot doesn't have to be occupied with the now-or-never syndrome of if I don't get in the airlines now, I am never going to have a chance. As they see the 20 year retirees, people up through age 43, 44, 45, can and will be hired by the airlines, then there is an opportunity for them to stay. And so, most of the major carriers right now are hiring up to age 45. Our people are qualified, physically and otherwise, to do those jobs.

It doesn't help a great deal, but it does help some. I would rather have them take people who have served 20 years in the Air Force than those that have served 7 or 8.

Senator MCCAIN. Although they obviously would prefer the 7 to 8.

General HICKEY. And are still going after them. They haven't backed away from that at all.

Senator MCCAIN. Do you see an increase in their offers that they are making?

General HICKEY. Well, the increases are perhaps in other ways. They have an "A" and a "B" scale. And so, your first couple of years as an airline pilot, you may have a very reduced income. More and more of the airlines I think are beginning to hire and they are ignoring the "B" scale. They just start at the "A" scale, and at a higher rate.

My personal opinion is they will respond in kind to whatever we do in terms of increasing compensation for pilots. If we get into a bidding war, they will join that war and counterbid. I just don't see why they won't.

I think the provision of your proposed bill which goes after pilots as a national resource is the only long-term solution. This country and all the other countries certainly in western Europe and Australia have a national pilot shortage, and as long as that demand is there, it is going to impact on military pilot retention. And until we get that solved, I think that it is just going to be a continuing round of bidding and counterbidding.

Senator MCCAIN. So, one of the options, which is obviously beyond the scope of this hearing, is to find some alternative method of training pilots.

General HICKEY. Yes, sir. And I think that there is great potential to do that. My personal opinion again is that the airlines are not going to want to join it very aggressively, but they probably would join with the encouragement of the Congress and the rest of the Government. You may, in fact, have to end up with some government subsidy, or some airline sharing of the burden depending upon how many they hire.

And I think it would be very reasonable to charge the students going through the school, just like you would through college,

knowing they are going to be potentially hired at the end of that schooling.

You would have to build some kind of structure nationwide. I don't think there is any private organization that could train 4,000 or 5,000 pilots per year, but I think there are lots of smaller ones that could be networked together with an overhead standardization system that guarantees the quality of the product that comes out of any of those schools.

And you could build a less expensive pilot, maybe through lighter turbo prop aircraft rather than jet. They wouldn't have to do low level navigation. They wouldn't have to do formation. So, there are things we teach military pilots that would not be necessary to provide airline feeder lines.

Then you have the growth problem, the experience problem, in the airlines just like you have in the military. They like our folks because they have 1,500 to 2,000 hours of good time. There would almost have to be a planned pipeline process in which young graduates perhaps would go to feeders and fly two to four engine turbo props, and then as they gained experience, would move into the pure jet and heavier aircraft.

I think all those things are possible. I don't know whether we can build an organization to bring all those together. And I think it is a long-term project.

Senator McCain. Thank you.

It seems obvious to me that some valid concerns have been raised here about our ability to provide officers to the service academies, to ROTC, to recruiting and other areas that neither fall under Goldwater-Nichols nor fulfill the gate requirements. And I'd like to see some proposals, if I could, from you. Perhaps maybe one of the solutions is require service averages with a floor of X number of years. Perhaps it is to exempt or expand the gate coverage to certain forms of duty, such as the forward air controller or others.

But I think it is wrong, when we have no tactical aviators in recruiting duty at the service academies, at ROTC and other areas of the service, because we simply not only aren't going to be able to recruit, but I think that it thereby unintentionally downgrades those positions when, obviously, they are very important and critical positions to be held.

So, I certainly hope we can work together and perhaps come up with some ways that we can provide for what is an obvious need and at the same time meet the spirit and intent of this legislation. Frankly, I'm not convinced of the argument yet to reduce the amount of required service, but we would certainly be glad to listen to more of those arguments in the future.

General Jones. I think that the approach you mention, establishing an average of x number of years, is an excellent one. When all is said and done, the Department of Defense will have a certain number of aviators and a certain number of billets—a number that would be influenced by section 4 of the bill. This means that a certain average must emerge. Whether we demand 6 years or 9 years from every individual, the average won't change; what will change is the degree of flexibility in the assignment process. If we raise that first gate, we simply will force every aviator, lock step, into a very similar type of assignment pattern, and that operates against

retention. So I think your idea is a good one, Senator McCain; I would recommend that we leave the initial gate at 6 of 12 and concurrently establish that DOD must accomplish 9 of 12 in the aggregate. The CBO review of assignment policies, required by section 7 of the bill, would be an excellent opportunity to validate the wisdom of this approach.

Senator MCCAIN. General Hudson, the Air Force trains some of their Guard pilots and Reserve pilots. That is one way of getting around this problem of having a bunch of older, more senior pilots. It may not be the answer, but I'm not sure that that should drive the problem, very frankly, when we are experiencing this hemorrhage of qualified pilots in the other pilots.

And, General Hudson, you might give us some input as to what the Marine Corps does that makes you a little different as far as not experiencing the drainage that the Air Force and the Navy are experiencing. What are you doing differently do you think that accounts for a difference in retention?

General HUDSON. Well, sir, I think that first off it starts with our officer accessions. We access Marine Corps officers. We do not basically go out and access aviators. We access Marine Corps officers, some of whom have a great desire to be aviators, many of whom have become aviators.

After we commission an officer, the first thing that we do is send them through the officer's basic course for 6 months at Quantico. All officers go through the same thing. And I know very well that Marine Corps pilots feel very strongly that they are first Marine Corps officers, and they are also pilots. Maybe their blood is not quite green, but I think nearly so.

Senator MCCAIN. Even it they know they can never be commandant. [Laughter.]

General HUDSON. Even though up to now we have not had an aviator commandant.

Senator GLENN. He hit a sore subject there. [Laughter.]

Senator MCCAIN. In my State, we have had Barry Goldwater, Morris Udall, and Bruce Babbitt all run, and mine is the only State in the Union where mothers can't tell their children they can grow up some day and be President of the United States. [Laughter.]

Go ahead, please, General.

General HUDSON. Well, sir, as I mentioned in my statement, I have had the opportunity—and it was a tremendous opportunity—to personally speak with more than 600 aviators, most of whom were the target force of this bill, company grade aviators. And they were loud and clear in telling me that they were not in the Marine Corps to become wealthy. They knew they wouldn't.

And I asked of each group that I spoke with, who had made a decision to leave, who had made a decision to stay, and who was undecided. Forty-five percent of our aviators are undecided. Thirty-three percent have decided to stay, and 22 percent have decided that they are going to leave. And of those that are leaving, only 6 percent are leaving because of money. Others are leaving because of various other reasons.

So, I believe that our aviators, while money can be a dissatisfier and particularly as Senator Glenn has said, when they fly the same

equipment off the same ships, and I would add the same black nights and the same crummy weather, and they make $12,000 less, even if their blood were green, that is a great dissatisfier.

Senator McCAIN. Well, my time has expired, Mr. Chairman, but I am sure we could have a discussion particularly between the Air Force and the Navy here because we find that Air Force Academy graduates and Naval Academy graduates who also had I think something comparable to the basic school we are having great trouble retaining. So, despite my admiration for the brainwashing that they get at Quantico, I still think there perhaps is something more here than meets the eye, and I think we ought to explore it more carefully.

And I think that when we lose service academy graduates, then it calls into question—if we lose so many of them, Mr. Chairman, no different from other sources, then it calls into question whether our service academies are turning out the professional career officers which makes us able to justify a service academy which is far more expensive of an education than an ROTC education. I think it perhaps is something that we need to explore further because, obviously, you are doing something different. And I accept everything you say about the basic school, but I wonder if there isn't something in addition to that.

Would General Hickey or Admiral Boorda like to make any comment?

Admiral BOORDA. Just one small comment. Our retention percentage is about the same as the Marine Corps.

Senator McCAIN. Of aviators?

Admiral BOORDA. Yes, it is.

General HICKEY. I think what Admiral Boorda may be touching on, as one aspect of this whole process, is how large is your pilot training rate and your input per year to sustain a given force. And as I recall, the Marines train more per year to sustain their force, and so they have a larger cadre of young pilots than we do within the Air Force.

I would like to train more, but I can't afford to because I don't have the absorption capability. My own experience requirements keep me from training a larger proportion. So, that is why I am almost exclusively trying to get a retention rate to solve my inventory problems rather than increased accessions. I can get accessions and I can get pilot candidates, but I have trouble keeping them after we get them trained.

Senator McCAIN. Thank you, Mr. Chairman.

Admiral BOORDA. Let me just say that the Defense Reorganization Act of 1986 prohibits inter-service rivalry. [Laughter.]

So, I haven't really answered the question. But, in fact, we retain within a percent or two of each other, and the draw from the airlines is doing the same thing to all of us. I just have bigger requirements out at the 11th throught the 13th year, and that is why I have a bigger shortage.

Senator McCAIN. Thank you very much, Mr. Chairman.

Senator GLENN. Thank you.

Senator McCAIN. It has been a very educational and I think important hearing, and I appreciate all you are doing in this very vital area.

Senator GLENN. We have a long way to go here yet.

While you were out, John, I asked Admiral Boorda if he had ever considered, at the academy, making an 8-year requirement after graduation instead of 5. I have no problems with these longer requirements.

I get somewhere between 1,100 and 1,500 I think it is applications for service academies every year. We screen out the obvious misfits that just couldn't even be considered. We know that. Some kids apply that aren't even high school graduates or things like that. But then we submit them to the academies, and they come back with their ranking, and we appoint them. I don't think I have ever had an exception where we appointed them then in that order. On an average year I'll have four, six, maybe seven in a year, depending on who has dropped out or who hasn't something like that.

And I just find it very difficult to believe that we can't make a higher requirement. The taxpayers of this country are putting up career universities to supposedly supply people to staff our military. And you say that you can't expect a 17-year-old kid to make that decision. The devil you can't. Let him go somewhere else. I'd get hard-nosed about this kind of stuff I tell you.

And if you have some drop out, well, okay, you drop out, but you're going to get a lot more career people. And if you make a longer commitment, you get them out around that 8-, 9- to 10-year point, you got to make a decision like I did. Am I going to go for 20 or am I not? And that is a pretty hard thing to toss over once you have that kind of time in. If you made an 8-year post-graduate requirement on that, you've got that kid for 12 or 13 years he is going to have to think awful hard before he gives that up.

This isn't the hearing that we are looking into that problem. We have a different set of problems here, but the same thing on pilot requirements. We are going to put $6 million in a kid and get him to where he is really a good, top-notch combat pilot, which is hard to do. That is not easy to come by. And you say, well, okay, the airlines make him an offer. We don't want to take a chance that we might have him committed for only 9 years. I'll tell you, we have to look at that pretty hard. And I think if we are putting $6 million into every replacement, we have to do that same thing. All it takes is 21 fighter pilots or combat pilots retained to make up that difference and more.

So, I am plowing old ground we have already talked about, obviously.

Senator MCCAIN. Mr. Chairman, I just want to comment and I hope to reinforce your remarks. The dramatic cost of an education in America today has certainly motivated more applicants to the service academies. And I wonder if you had to take student loan for $6 million to learn to be a pilot, it might take a while to pay that back.

I agree with you. I have seen a significant increase in both the quality and quantity of applicants for the service academies, and I think that the academies would agree with that and at least some increase in required time to serve, again coupled with our requirements to educate and train these poeple as the services become more and more technologically demanding after they graduate

from the service academies. So, I agree with the chairman. I hope you look at it.

Senator GLENN. General Hickey, I understand from your perspective, you really have no objections to any of the provisions of the bill. Is that correct?

General HICKEY. Yes, sir, my personal views and my judgment of whether or not the Air Force could live with the provisions of the bill.

Senator GLENN. I understand that, but as far as what you think is necessary, you have no objections to any of the parts of the bill.

General HICKEY. That's true.

Senator GLENN. Okay.

What feedback, if any, have you received from Air Force aviators on the bill?

General HICKEY. I think that the consistent message from the captains and the majors in the field, as they have been to some of the congressional committees and certainly to any forum that I have been in, is that they want a flight pay increase. They see it, and want a flight pay increase—particularly within the Air Force. On the other hand, we just don't have very much experience with a bonus and the pilots are not enraptured with it.

During the short break, I gave Mr. Pang the latest data on our aviator career payment or the bonus take rates. You will see in the 7 and 8 years, which are the early years that we are really trying to capture, the take rates are down in the 35 to 40 percent ranges, which is not nearly what we were hoping to get. Overall, we are doing fairly well. About 68 percent or 69 percent of the first quarter's eligibles have signed up for the bonus. But it is not capturing the early years where they are making hard-choice decisions, which is the first time they make a choice. And you have to get about 60 or 70 percent of those if you are ever going to have a prayer of having 60 percent in the 11th year. So I'm personally very concerned with that data.

I don't want to give the wrong impression. The bonus is working for us. As a matter of fact, it is hard to say or to identify those who stayed because of the bonus and who would have stayed otherwise. But I specifically have 15 pilots who had dates of separation established, who were walking, who had made their decision and who had an approved date of separation, who have elected to stay and taken the bonus. And at your prices, $4 million to $6 million a year, those 15 pilots come to somewhere between $60 million and $90 million. So, I have paid for this year's bonus and a good chunk of next year's already if I don't get any other signers. So, it is paying off.

And, again, my personal view is that the bonus has a bigger payoff in terms of numbers. We expect we will get about 1,500 pilots out of the bonus for about a $70 million per year investment, and $350 million over 5 years. And for $60 million, which is roughly the cost for an aviation pay increase in the magnitude that you are talking about, we expect we would get maybe only 500 to 550 pilots over a 5-year period for $300 million. But it is still a great bargain in our view. And that is why in my personal view it is worth doing.

Senator GLENN. Admiral Boorda, I understand that from your perspective would support all the monetary aspects of the bill, the ACIP rate increase and extension of the retention bonus authority, but not the personnel management measures in the bill that you perceive will cut into your flexibility to move aviators around. Is that a correct characterization?

Admiral BOORDA. Yes, sir. Obviously, it is my personal opinion on ACIP. I think the bonus—I would echo General Hickey—working for us. Our take is higher than we would have expected at this time.

We asked aviators if you were going of stay, what would motivate you most. And they were four to one in favor of the bonus. But I think if you asked the question differently, would you like to have an ACIP increase and a bonus, the answer would be overwhelming in favor of having both.

The ACIP increase does away with some of the divisiveness. It shows that we really do care about everybody and we recognize what they are doing. So, personally—and I have to say personally—I'm a strong supporter of the monetary aspects of the bill exactly as you have written them.

Senator GLENN. Good. Thank you.

Admiral BOORDA. The administrative parts—of course, as a personnel chief, I don't want to lose my flexibility. It is very difficult with Goldwater-Nichols and other things we have to do to try to work your way through this maze we have now developed.

Senator GLENN. Does your opposition also include opposition to the nine?

Admiral BOORDA. Yes, sir. You mean the 9-year gate, 9 out of 12?

Senator GLENN. No, the 9-year requirement total time beyond——

Admiral BOORDA. Yes, sir, and that is just based on empirical evidence of what we have seen. And we did do a study showing that that doesn't buy us very much, I gave that study to Fred some time ago, and I think we can discuss that some more.

We don't get a return for what it costs us and you don't see any increase for that because now it is 7. You won't see any improvement in readiness for almost 10 years if you did that today, but you would see the hurt right now, right when we are having a problem. And I can lay that out in some more detail if you would like.

Senator GLENN. Yes, I realize that, but that was long-term aspects of this that we wanted to lock in so that as the increase occurs in airline hiring and in commercial aviation hiring, we are addressing it long term by people having a career attitude when they start into this pipeline.

General Ono, I understand from your perspective, you don't care much for any provisions of the bill. Is that right? [Laughter.]

General ONO. We have a successful program. We attract high quality officers into our programs, as I reported to you, with 84 percent distinguished military graduates going into it. We have no problem retaining them, also as I reported. In fact, of the captains who have completed their 5 years of service obligation, 89 percent are staying. So, you are seeing then that it is a mix of being attracted into the program first with that shorter service obligation of 5 years, and then liking what they see and remaining.

Also, the existing gates permit our officers to serve in aviation positions, as well as become branch and functional area qualified as they compete with other Army officers—be they infantry, artillery, engineer and so on—as they broaden their experience in other positions within the Army. Their presence in other parts of the Army enriches all of the Army by having them talk about the dimension that Army aviation can provide to our combat readiness.

Senator GLENN. And we don't quarrel with that at all, and I know the value of that. I was in the Marine Corps 23 years, and I know the value of some of this back and forth and being up as a forward air controller and thing like that. There is a sense of what you can do and what you can't do that you only get by that kind of an experience. And that is one of the values of all these other things.

And in the provisions in this bill where we talk about people assigned to other things, I'm not trying to stop that within a service. But some of the things in the sheets that we were given about that thick, thin paper—that shows all the MOSs in there of different tasks that we have pilots assigned to, and some of them border on the ridiculous. So, those are the things we want you to go through, not ones where you are getting a very definite service out of this and a potential combat benefit. That is the bottom line on all of this.

You don't have a current shortage of aviators and might not use the bonus authority. But I would have thought that in the Army you would have supported the increase in ACIP and the accidental death insurance provisions because the bill gives flexibility to the service Secretaries to decide on when to implement ACIP. So, you would have full control over that. Don't you believe the Army aviators deserve an increase in ACIP which has lost about 39 percent of is value since 1980?

General ONO. Well, as we went through the study—and we participated in DOD's pilot retention study—it was concluded that the increase in the bonus could be targeted and become the most cost-effective way to operate. In the time of constrained resources, we have to use our funds as wisely as we can. For the Army's part, the ACIP increase will come to $22 million a year.

Yes, you are correct that it has been some time since any change has occurred to the ACIP. Yes, I guess as part of fairness, there should be some kind of increase. But we are expressing some caution in regard to that area especially for the Army which has little problem in retaining its pilots at this time.

Senator GLENN. How about the accidental death insurance feature? Why do you oppose that?

General ONO. We agree with the OSD that it should be a part of the larger SGLI.

Senator GLENN. And why are you opposed to requiring more flying and longer active duty service commitments when Army flying rate and retention statistics indicate you should be able to accommodate these increased requirements with very little difficulty?

General ONO. Sir, the statistics show that our average is 8.9 years for commissioned officers. But when you take that and you look in more detail, what you are going to find is that through the

first gate, only 51 percent of your commissioned officers will make it through and at the second gate, only 45 percent. So, you see then the complexity of working the averages.

What we are suggesting is that we fully understand and appreciate that some fixes are required as far as other services are concerned and perhaps the entire bill could be—to include all of the provisions of the management of aviators could be put into an optional mode so that the service Secretary could choose to use them if necessary.

Senator GLENN. Let me ask a rather general question here. I guess this would be to General Jones. Why can't we expect that 75 percent of the first 12 years would be in operational flying and 66 percent of the first 18 years? Doesn't that give you adequate flexibility for Goldwater-Nichols and all the other requirements and schools and things that we know of that you want to send people through right now? That is the way we viewed it. It was that we weren't unduly restricting them. It may mean you have to pay a little more attention to who goes where and fits what slot at a particular time. It puts a little more constraint on you, but is that too much of a restraint?

General JONES. I would tell you that we can do better than we have done in the past. I assure you of that. When I looked at the numbers of people who would have missed the gate with our current force, 3,400 people would have missed the 9th year gate in the Army and 1,600 Air Force people would have missed that first gate. We do not run into the same problems with the second and third gate.

The Goldwater-Nichols bill has caused some additional constraints. The optimum time to put people into those jobs is when they come out of the Armed Forces Staff College or out of the senior service college because of other command opportunities and other types of jobs.

So, with PCS constraints, the two things that I think have had an impact on our ability also to have the flexibility is trying to save PCS dollars. Most of us have gone to trying to do a 4-year tour here in the continental United States and 3 years overseas. That combined with Goldwater-Nichols has certainly limited our flexibility.

So, if we are going to put officers out to recruit—and I agree with you wholeheartedly. We have to go back and look at where we put our aviators. But I think that we are going to have severe difficulty in meeting that 9-year gate, sir, and especially in the Army. I think the Navy and the Air Force can make it, but I think the Army and the Marine Corps are going to have difficulty doing it, sir.

Senator GLENN. We are on another vote as the clock is telling us up there. So, as soon as the other lights go, I'm going to have to go to the floor and vote and come back.

General JONES. Sir, could I correct the record on one thing? On the amount of money that I mentioned a while ago—the $15 million increase—I quoted you a figure only for the Navy. The total difference would be closer to $100 million, but still a bargain. If I can acquire 300 more aviators for $100 million, that's a pretty good buy.

Senator GLENN. Well, just one more comment, it was never expected under Goldwater-Nichols that it required all officers to go through joint duty. It was going to be those who were sort of on the so-called fast track or those who showed great promise. Everybody doesn't go through that, so you don't have a requirement for every single officer that stays in for going through a Goldwater-Nichols qualification process.

We are going to have to end soon because we are going to have a series of votes. But let me just run through some of the questions I had left. We will submit these questions to you for answers, and we would appreciate your getting back to us.

To begin with—flying hours. One of the most critical factors maintaining combat efficiency is the flying hour program. We all know the reasons for that. We have had complaints from aviators that flying hours allocated to training are inadequate. Some of our pilots feel that as far as combat skills and safety are concerned, they are sort of on the ragged edge. And that is a fine line. If you are flying every day or so many hours a week, you are honed up to a fine degree. You really are. And that is a combat capability that is hard to get and easy to lose. Each one of the services has their own requirements. Such as Admiral Boorda, for carrier shipboard; and the Marine Corps, with much the same requirements part of the time, but not as much shipboard duty as the Navy squadron. General Hickey, General Ono, all of you have that same goal, just different requirements. I wanted to go over some of that, so we will submit questions to you for the record.

I would single out the Navy in particular. We have had particular complaints about poor flying hour management, peaks and valleys where guys are sitting on their duff in the ready room for a while, and then all at once they are flying like crazy for a while. And it is just wasteful to do that kind of training. It needs to be tailored out over a longer period or tailored out better for combat proficiency.

The next issue—carrier landings. That's a whole separate area, of course, where people are not involved in these exercises for years and years and years and all at once go on aboard ship and maintain the same proficiency and operate effectively with the bad weather requirements and so on. So, that is a particularly stringent requirement in the Navy. We are going to have some questions on those different areas.

The Active Reserve mix is another one. The Conference Report on Fiscal Year 1989 Defense Authorization directed SECDEF to evaluate capability and desirability of realigning portions of the Air Force flying missions to the Guard and Reserve. Now, in that particular case, that may work out. I have asked for a reassessment of our whole, total force concept on what missions the Regulars are expected to perform and what could be transferred to the Reserves. The Army in particular, General Ono, is where you get into combat support and service support in the Reserves, and at this time we only have 45 percent combat readiness in the Reserves. That is the latest figure we had anyway.

And then you get into medical support where 80 percent of the medical support for combat was assigned to the Reserves. Yet, we are 71 percent short of doctors in that 80 percent, and 66 percent

short of nurses. It translates to 7,000 doctors short, 31,000 nurses short, as I recall the figures.

So, we start working with this Regular Reserve and Guard mix, that hasn't been reviewed since 1973. And the manpower situation on this that all of you deal with on a day-in-day-out basis is going to be key to whatever we do in that area.

So, in looking at what we are assigning here, we have to look at not just what might be cheaper in assigning more missions to the Reserve now that might work, but what is going to do the combat job that we have to do when you all go to these war games. And you know what happens when some of these shortages come up. We then say, well, we're going to rely on host nation support or something like that. That is our dodge for getting by a war game, but it wouldn't work if we really went to war. And so, I think you have to reconsider some of those particular things.

Another topic is validation of aviator requirements. We have talked off and on about that today. But we have more questions on that.

Well, my note here says I have 8½ more minutes left to get to the floor to vote, and I better be going.

Gentlemen, this has been a very interesting session this morning. We are going to want to follow up on this. As Senator McCain said, we are not locked in such concrete on this thing that we are not willing to talk about different aspects of it. Obviously, from what we have said this morning, there are parts of it that we feel more strongly about than others. But we think it is a good bill. It carries out what we think is needed and what I know that some of you gentlemen from other conversations have indicated you are very much for even though we have some constraints through OMB right now on what can be said and what can't be said.

And finally, the MWR issue was another one. General Jones, I wanted to address one last item, and I will do this as rapidly as I can.

Last year when we were addressing the morale, welfare and recreation issue, I asked DOD to identify and submit to us a list of MWR business activities it would realign from the category that receives no appropriated fund support to the category that receives partial appropriated fund support. The realignments were to be justified on the basis of these activities being at locations that were considered remote or isolated with respect to the availability and accessibility of like activities with reasonable distance in the civilian community.

I had expected your list by October 1 of last year, but I understand that you had to expend considerable effort scrubbing the inputs of the individual services. So, we were not advised of your decision until February of this year.

I have reviewed your decision and believe it is a good one. Of the 280 exemptions you made, I found 25 which were of questionable merit, but I have asked staff to go over those with you while you proceed with the remainder. And I believe you have done a good job in bringing the management of MWR under control. I expect you will continue to strive for efficiency in your MWR operation. We want to work closely with you on that.

General JONES. I appreciate your support.

Senator GLENN. Gentlemen, thank you. It has been interesting this morning. We look forward to working with you on this.

The hearing will stand in recess subject to call of the Chair.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

FLYING HOURS

Senator GLENN. One of the most critical factors in maintaining the combat efficiency of our aviation forces is the flying hour program. The program not only allows the military services to fulfill their requirements to move people and cargo, but to allow our aviators to get into the air to train for combat. I have heard a number of complaints from aviators that the flying hours allocated to training sorties are inadequate and that some of our pilots are flying in the so-called "ragged-edge" as far as combat skills and safety are concerned.

General Hickey, what is your view of the flying hour program in the Air Force—specifically, do you have enough hours funded in the budget for this and succeeding years (1990 and 1991) to train your aviators to desired levels of combat proficiency?

General HICKEY. Flying hours generate combat capability—the more we fly, the better we'll fight. We balance our request to fund flying hours with every other readiness program to maximize warfighting potency. Increasing flying hours, given a fixed budget, means we buy less of some other warfighting capability. For that reason, the fiscal year 1989–91 Air Force flying hour program has been set at the fiscal year 1989 level of activity. The fiscal year 1987 level provides the minimum flying hours necessary to train aviators to combat proficiency in their wartime mission taskings. Further reductions of flying hours, beyond those caused by force structure reductions, would decrease overall combat capability.

Senator GLENN. General Hickey, what do you consider to be the minimum flying hours an aviator should have for each of the major weapon systems in the Air Force?

General HICKEY. The Air Force does not manage training based on a minimum flying time. Flying hour programs are designed to ensure aircrews meet unit experience requirements and that individual aviators accomplish the training requirements necessary to build and maintain proficiency in their assigned missions. Both the individual and the commander ensure that all training and proficiency requirements are met. Annual and no-notice evaluations, exercises, and inspections also check aircrew training requirement accomplishment and proficiency to accomplish the mission. The monthly flying hour rates that result are a by product of proper training.

Quantifying the minimum number of hours per aviator by weapon system is not possible. No single "number" is meaningful because the minimum not only varies by weapon system, but also by individual and unit mission tasking, the time required to travel to training airspace and ranges to accomplish training requirements, and individual experience. The flying hour program for each weapon system accounts for these variables with lengthy and complicated training requirement documents that specify minimum sortie or training event requirements rather than minimum monthly flying hours.

Senator GLENN. One of the most critical factors in maintaining the combat efficiency of our aviation forces is the flying hour program. The program not only allows the military services to fulfill their requirements to move people and cargo, but to allow our aviators to get into the air to train for combat. I have heard a number of complaints from aviators that the flying hours allocated to training sorties are inadequate and that some of our pilots are flying in the so-called "ragged-edge" as far as combat skills and safety are concerned.

Admiral Boorda, Navy pilots have indicated that because of inadequate flying hours and poor flying hour management in the Navy (peaks and valleys in flying hour allocation over the fiscal year) that training is suboptimal. For example, some aviators have complained that they are restricted to the bare minimum number of carrier landings needed for proficiency and safety. Others have complained they are not allowed to fly mission profiles ast combat power because of fuel. What are your views on these complaints and does the Navy budget fund sufficient flying hours?

Admiral BOORDA. My views on these complaints are that they are valid from the perspective of the junior officer manning the cockpit at a particular point in the predeployment training cycle. With that in mind, we are doing what we can to address

them. But these problems are not new, nor are they completely controllable within Navy, nor do they reflect poor management of this program.

First, let me comment on the instability in monthly flying generated by the carrier deployment schedule. The forward deployed units have traditionally been required to maintain a relatively high Operating TEMPO (OPTEMPO) in order to maintain proficiency while contributing to the readiness of the overall battle group. Given a normal level of peacetime operations, this high deployed OPTEMPO can be absorbed by those units not deployed and not in the final embarked stages of preparing for deployment. The Navy has successfully employed this methodology to allocate flying hour resources from time in memoriam, and has established an impeccable record of meeting national tasking and commitments with combat ready forces. There eventually comes a time, however, when increases in deployed OP TEMPO can no longer be absorbed by nondeployed forces. This happened during fiscal year 1984 (Lebanon-Grenada) and more recently in fiscal year 1988 (Persian Gulf-Indian Ocean). During fiscal year 1984, the flying hour budget was increased to accommodate the increase in deployed operations. Although funds were appropriated for Persdian Gulf operations in the Fiscal Year 1988 Supplemental Appropriations bill, concurrent unbudgeted increases in fuel prices necessitated use of these funds for higher-than-budgeted fuel costs. Because of the high deployed fiscal year 1988 OPTEMPO driven by requirements in the Persian Gulf/Indian Ocean, nondeployed units were not provided sufficient flying hours, and complaints generated by this situation are understandable. However, decreased tension in the area has allowed the return to a more normal deployed flying OPTEMPO in fiscal year 1989.

Second, flying hours are budgeted under the Operations & Maintenance, Navy Appropriation (O&M,N), and are influenced by the overall health of this appropriation. If funding deficiencies exist at the appropriation level, as occurred in fiscal year 1988, it limits the Navy's ability to reallocate resources to meet the increased deployed OPTEMPO. Certain O&M,N costs can be considered largely fixed (contracts, CIVPERS, and congressionally-mandated limits on certain programs), and inaccessible to counter emergent funding shortfalls. Flying hours and ship steaming days are considered largely variable costs, and can be controlled on rather short notice to produce an asset. Thus an emergent problem within O&M,N may ultimately affect the stability of these programs. The Navy made every effort to head off O&M,N problems experienced in fiscal year 1988 by making required adjustments in the fiscal year 1989 Apportionment/fiscal year 1990 Budget process.

The General Accounting Office (GAO) has recently completed an audit of the Flying Hour Program and the draft of that audit has been made available to the Navy for comment. Although GAO found a conceptual difference in how the Navy should justify the requirement for flying hours, and how measurable readiness factors should be incorporated into the budget submission, there was no reference to, or comments inferring "poor flying hour program management". Given the extended period of this audit and the detail of information made available, the lack of any finding of mismanagement is viewed as an endorsement of the Navy's management of this high-visibility, readiness-related program.

In summary, the complaints of inadequate flying hours at particular times in the predeployment training cycle are understandable, and to the degree we can resolve the underlying problems gets our highest attention. Does the Navy budget sufficient flying hours? In an absolute sense, no we don't. There is every expectation that flight crews would be more ready, as well as more satisfied if they are getting more flight hours per month, particularly while not deployed. However, flying hours cannot be viewed in total isolation. Given the other priorities in the Navy budget and overall fiscal constraints, the resources provided to flying hours is in balance with those allocated to the total Navy program. And, with the qualification, the Navy does budget for sufficient flying hours to meet current peacetime readiness objectives.

Senator GLENN. Admiral Boorda, what do you consider to be the minimum flying hours an aviator should have for each of the major weapon systems in the Navy?

Admiral BOORDA. As part of the President's Budget Submission, backup budget material details required flying hours and associated costs by major weapons system. These requirements are presented in a Department of the Navy (Navy and Marine Corps) flying hour budget, and the concept of Primary Mission Readiness (PMR) is used in relating flying hours to requirement. PMR is defined as, "those hours required to maintain the average flight crew to perform the primary mission of the assigned aircraft; to include all weather/day/night carrier operations as appropriate." The Navy's goal for peacetime operations is 88 percent PMR, with 2 percent attained through simulation. Current fiscal constraints limit PMR to 87 percent, which also translates into a Department of the Navy average of 25 hours per

crew per month for Tactical Air/ASW (TACAIRASW) squadrons (warfighting units). The current budget request of 87 percent PMR (allowing 2 percent for simulation), and 25 hours per crew per month are the minimum required to meet peacetime flying readiness objectives.

Senator GLENN. Navy pilots have indicated that because of inadequate flying hours and poor flying hour management in the Navy (peaks and valleys in flying hours allocation over a fiscal year) that training is suboptimal. For example, some aviators have complained that they are restricted to the bare minimum number of carrier landings needed for proficiency and safety. Others have complained that they are not allowed to fly mission profiles at combat power because of fuel. What are your views on these complaints?

General HUDSON. The Marine Corps allocation of the Department of Navy flying hour program is based on the concept of maintaining a level state of training and readiness in support of Marine Corps commitments and, as such, does not normally experience significant peaks and valleys over a fiscal year. We therefore defer to the Navy for the answer to this question.

Senator GLENN. What do you consider to be the minimum flying hours an aviator should have for each of the major weapons systems in the Navy?

General HUDSON. The concept of the Primary Mission Readiness [PMR] is used in relating flying hours to requirement. PMR is defined as "* * * those hours required to maintain the average flight crew qualified and current to perform the primary mission of the assigned aircraft * * *" The Department of the Navy [DON] goal for peacetime operations is 88 percent PMR, with 2 percent attained through simulation. Current fiscal constraints limit PMR to 87 percent, which also translates into 25 hours per crew per month. The Marine Corps supports the DON budget request of 87 percent PMR and 25 hours per crew per month as the minimum required to meet peacetime flying hour readiness objectives.

Senator GLENN. General Hudson and General Ono would you please comment on the flying hour programs in the Marine Corps and the Army along the same lines as General Hickey and Admiral Boorda?

General ONO. As General Hickey stated, the proficiency of our Army aviation force is directly tied to the flying hour program. The Army flying hour program is built upon the individual, crew and unit training needed to prepare units and aviators to accomplish the war-time air-land battle mission. The Aircrew Training Manual documents individual tasks that must be accomplished by each aviator and the flying hours to accomplish the tasks. The ARTEP is the tool used to evaluate the unit and the level of training based upon the ability to accomplish the individual and unit tasks. The ability of the Army to accomplish its war-time mission is highly dependent upon the lethality of Army aviation as a combat multiplier and its synergistic effect on the entire force. The army flying hour program is based upon the hours needed to support the training base and the field in achieving training objectives. The fiscal year 1989-91 flying hour program is established with the minimum flying hours necessary to train aviators to achieve combat proficiency in their designated aircraft. Reduction of flying hours beyond those related to force structure reductions would decrease the overall combat capability of the Army.

Senator GLENN. General Jones, what role does your office play in reviewing the flying hour programs of the Services to ensure they are adequate to sustain combat efficiency? Specifically, what level of detail do you get into and when was the last time you increased, decreased or realigned the flying hour requests of the Services?

General JONES. My office has staff responsibility for policy and program review of military training matters. This responsibility includes review of Service flying hour programs and budget requests for both adequacy and efficiency in the use of resources. It also includes review of other related issues, such as acquisition and use of flight simulators and the adequacy of ranges—both of which influence the effectiveness of flying hour programs. One of our more important projects in this field at present is sponsorship of research into the relationship between flying hour programs and aircrew proficiency. It is hoped that this research will, in time, provide a more objective basis for judging the adequacy of flying hour programs.

My office reviews Service flying hour programs at a fairly high level of aggregation—for example, average flying hours per crew per month at the Air Force major command level. On specific issues, we frequently get into a finer level of detail. Within the past year my office has examined the flying hour programs of each Service two times as a part of the program and budget reviews conducted by the Office of the Secretary of Defense. Most of the programs were considered adequate, but Army National Guard and Army Reserve flying hour programs were adjusted upward by the Deputy Secretary of Defense during the last program review.

Senator GLENN. The Conference Report on the Fiscal Year 1989 Defense Authorization Act directed the Secretary of Defense to evaluate the capability and desirability of realigning portions of the Air Force flying missions to the Air National Guard and Air Force Reserve. The report was due on January 1, 1989. I understand that the report has not been completed yet. General Jones, why hasn't the Department of Defense complied with the congressional direction and when can we expect the report?

General JONES. As you would imagine, the optimal mix of Active and Reserve components, with respect to flying missions, is tremendously complex. We are now in the final phase of staffing that report, and it will be provided shortly.

Senator GLENN. We have a December 1988 draft of a report that was apparently prepared in OSD. The draft report suggests certain Active to Guard and Reserve flying mission realignments in Air Force tactical, strategic, and airlift missions. These options appear to have the potential of generating cost savings without significant loss in combat readiness. General Jones, who is working on finalizing this report and do you expect to implement any of the realignment options in the near future?

General JONES. Responsibility for finalizing the report rests with the Assistant Secretary of Defense (Force Management & Personnel). At this point, we foresee no major shifts in flying missions from the Active to the Reserve components. The draft study identified a variety of considerations, but when other factors were incorporated, such as the impact on our ability to season pilots—fewer squadrons limits the capacity to develop an experienced inventory—the recommended actions did not appear viable.

Senator GLENN. We have a December 1988 draft of a report that was apparently prepared in OSD. The draft report suggests certain Active to Guard and Reserve flying mission realignments in Air Force Tactical, Strategic, and Airlift missions. These options appear to have the potential of generating cost savings without significant loss in combat readiness. General Hickey, are you familiar with the report I am talking about and can you comment on it?

General HICKEY. I am familiar with the draft report. The draft did not completely address many of the issues that we must look at when considering realignment of missions. New budget submissions and results of congressional action on the recommendations of SCDEF's Commission on Base Realignment and Closure must also be evaluated. I understand a revised report will be completed soon.

PILOT MANNING PROBLEMS

Senator GLENN. The Air National Guard has indicated that it has no problems with filling any of its part-time pilot requirements. The same is apparently true with the Air Force Reserve. Are you aware of any pilot manning problems in the Air National Guard or Air Force Reserve?

General HICKEY. The Air Force Reserve is not having a problem filling part-time pilot requirements and, for the most part, neither is the Air National Guard. However, full time support recruiting has lagged over the past 5 years, primarily because Civil Service compensation has fallen far below the private sector. As the requirement for airline pilots grows, the pressure on full time support pilots to improve their quality of life through higher airline salaries grows as well. The perception that the Government may no longer be the employer to look to for the talented, career-minded individual continues to grow. Civil Service salaries have not kept pace with the military, much less the private sector. Retirement compensation is ever-changing as are employment rights after extended military duty. Consequently, many individuals are leaving for various other civilian careers, while remaining with our units as Guardsmen and reservists.

AUTHORIZED BILLETS

Senator GLENN. The Air National Guard has indicated that it is losing some of its full-time pilots because they are being promoted out of their authorized billets and have to be separated. This serves as a retention disincentive to others who can see that this might happen to them in the future. Are you aware of this problem and can you tell us what needs to be done about it?

General HICKEY. The Air National Guard does not have a problem with the authorized billets. Our problem is that the requested grade ceilings were reduced in fiscal year 1988 and all grade growth was denied for fiscal year 1989. Qualified personnel are in authorized billets but cannot be promoted because grade ceilings for fiscal year 1989 have already been achieved. The solution to the problem is for Congress to approve the grade levels which are requested in the fiscal year 1990 budget.

DOD AVIATOR RETENTION STUDY

Senator GLENN. The Conference Report on the fiscal year 1989 Defense Authorization Act urged the Department of Defense to scrutinize the validity of the aviator requirements of the Services, especially in non-flying positions. The requirements portion of the DOD Aviator Retention Study falls short of compliance with this guidance. Specifically, the chapter on aviator requirements merely categorized the stated aviator requirements of the Services but made no effort to validate them. General Jones, isn't this a correct characterization of the chapter and isn't the appendix supporting the chapter no more than a listing of all of the stated aviator requirements of the Services as they were submitted to you?

General JONES. I disagree with that characterization. At the outset of the study, we knew that requirements data bases across the Services did not fully lend themselves to cross-comparison; yet such comparisons would be an important part of our review. Thus, OSD defined the analytical constructs defined on page 3-5 of the study—this action enabled uniform reviews using common terms. In turn, this necessitated a billet-level review in order to associate the billets with these common definitions. This was a deliberate and important part of the review process. Having accomplished that task, we found that 80 percent of the demand for aviators is associated with flying billets, joint positions, and non-flying billets at or below wing level—a generally healthy pattern. Naturally, the non-flying billets received far more scrutiny than the flying billets, and the study was somewhat critical of those patterns. In turn,, the study indicated an intent for further review subsequent to submission of the study. Should section 4 of the proposed Aviation Career Improvement Act of 1989 be enacted, the framework that we have established will be instrumental to further evaluating the merit of requirements, or for allocation of reductions should that be the ultimate result.

Senator GLENN. I asked the General Accounting Office to review the aviator requirements chapter of the Aviator Retention Study and to sample stated Air Force aviator requirements at Headquarters Air Force, Headquarters Tactical Air Command, and Tactical Air Command wing levels for validity. The preliminary results of this effort indicate sufficient uncertainty in the justification for certain positions that merit follow-up under the provisions in the bill I have introduced addressing this issue.

For example, General Hickey, were you aware that the yearly review of rated position descriptions was suspended in the XOXXP office at Air Force headquarters in 1988?

General HICKEY. Yes, I was aware that the annual review was suspended throughout the Air Force. The annual review of rated positions descriptions is an administrative exercise designed to incorporate minor changes that occur in the approximately 5,000 rated staff positions that are validated in this manner. These positions represent only 17 percent of our total rated requirement. The majority of our requirement for rated offices is tied to our crew ratios, which are based on wartime planning factors. It is important to note that all significant changes to our rated staff positions, by regulation, must be reviewed and approved by AF/PR as they occur. This process has continued during 1988 and continues today. In June 1988, the Air Force Chief of Staff chartered a Rated Management General Officer Steering Committee to review all rated requirements. One of the first actions worked in conjunction with the Air Force major commands and the joint staffs, was to scrub our rated staff requirements. This was worked in July through August and identified a reduction of over 100. Since that time, we expanded the criteria for our review and have identified specific areas in command posts and plans for possible conversion to non-rated requirements. Also, a portion of our training function was identified for possible conversion to civilian or contractor support. Considering the combination of our review and the DOD Aviator Retention Study that was in progress at the end of 1988, we concluded that the administrative burden from the annual update would not serve a useful purpose. Today we are continuing to validate our rated requirements through a series of authorizations conferences and are addressing our crew ratios, rated staff and rated supplement to ensure they are valid requirements. What we have done, and are in the process of doing, is far more comprehensive than an annual administrative update.

AIR FORCE FORM 480

Senator GLENN. Also, were you aware that some Air Force Form 480's justifying rated positions in the same office were identical for all sampled positions?

General HICKEY. The Air Force Form 480 is a description of the duties that are associated with a portion of the Air Force rated staff. It does not address the work-

load associated with that position. Therefore, it is entirely possible for two positions to have similar duty descriptions. Some jobs are larger than one officer can reasonably accomplish. I think the example that you are referring to was a four-person branch with two rated requirements that had identical Air Force Form 480's. Having two position descriptions the same should not be interpreted as duplication. In our C-17A the pilot and copilot duties may appear to be duplication. Again, the position description answers why we need rated skills in the position, not whether the job needs one or two people.

AVIATOR REQUIREMENTS

Senator GLENN. My point in raising these questions to you is not to put you on the griddle but simply bring to your attention why I am concerned about the validity of aviator requirements. Given the two examples I've just described, I wonder how much more of this goes on, not only in the Air Force, but in the other Services. It gets down to oversight which appears to be lax. To make my point, General Jones, do you know the last time that OSD has done anything other than rubberstamp the stated aviator requirements of the Services over to us?

General JONES. As my discussion of the requirements segment of the Aviator Retention Study highlighted, I believe that OSD is continuing to improve performance in the verification of manpower requirements expressed by the Military Departments.

[Whereupon, at 11:58 a.m., the subcommittee was recessed, subject to call of the Chair.]

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